Supreme Court, U.S.
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No. 06-

IN THE

Supreme Court of the United States

FUJI KOGYO CO., LTD.,

Petitioner,

v.

PACIFIC BAY INTERNATIONAL, INC., BATSON ENTERPRISES, INC. and AMTAK LIMITED,

Respondents.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Sixth Circuit

PETITION FOR WRIT OF CERTIORARI

JAMES A. OLIFF
WILLIAM J. UTERMOHLEN*
DARLE M. SHORT
OLIFF & BERRIDGE, PLC
277 South Washington St.
Suite 500
Alexandria, Virginia 22314
(703) 836-6400

Counsel for Petitioner

*Counsel of Record

QUESTIONS PRESENTED

1. (a) Whether—as the Sixth Circuit held in this case, contrary to the prior rulings of the Federal Circuit and this Court—the doctrine of equivalents may be applied to vitiate a patent claim element.

(b) Whether the scope of a patent claim is to be determined by the same principles in product configuration trademark cases as in patent infringement cases.

2. Whether, in light of *TrafFix Devices, Inc. v. Marketing Displays, Inc.*, 532 U.S. 23 (2001), features shown in the drawings of a utility patent, but not claimed, are per se ineligible for recognition as a trademark.

3. Whether, in light of *TrafFix Devices, Inc. v. Marketing Displays, Inc.*, 532 U.S. 23 (2001), the ornamentality of a product configuration feature must be considered regardless of whether the feature is within the scope of patent claims or otherwise disclosed in a patent.

RULE 14(1)(b) AND 29.6 STATEMENTS

The caption contains the names of all parties that appeared in the Sixth Circuit. Fuji Kogyo Co., Ltd. has no parent company nor does any publicly held company own 10% or more of its stock.

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The Petitioner respectfully prays that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the Sixth Circuit in this case.

OPINION BELOW

The opinion of the United States Court of Appeals for the Sixth Circuit is reported at 461 F.3d 675 and 79 USPQ2d 1894. App. 1.

STATEMENT OF JURISDICTION

The opinion and judgment of the United States Court of Appeals for the Sixth Circuit was entered on August 23, 2006. Review by writ of certiorari may be had in this Court under 28 U.S.C. § 1254(1).

STATUTES

Section 32(1) of the Lanham Act (15 U.S.C. § 1114(1)) provides in part:

> (1) Any person who shall, without the consent of the registrant—
> (a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which

such use [illegible]kely to cause confusion, or to cause mistake, or to deceive . . .
shall be liable in a civil action by the registrant for the remedies hereinafter provided.

Section 43(a) of the Lanham Act (15 U.S.C. § 1125(a)) provides in part:

(1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which--

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, . . .

shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act. . . .

(3) In a civil action for trade dress infringement under this Act for trade dress not registered on the principal register, the person who asserts trade dress protection has the burden of proving that the matter sought to be protected is not functional.

STATEMENT OF THE CASE

Petitioner Fuji Kogyo Co., Ltd. ("Fuji"), brought suit in 2002 under Sections 32(1)(a) and 43(a) of the Lanham Act, as well as under state law, against three defendants: Pacific

Bay International, Inc., Batson Enterprises, Inc. and Amtak Limited (collectively "Defendants"), seeking damages and to enjoin Defendants from importing and selling fishing line guides that infringe three registered and one unregistered Fuji product configuration trademarks. The district court had jurisdiction of the suit under 15 U.S.C. § 1121(a) and 28 U.S.C. § 1331 and § 1338(a).

Fuji contended that the specific curvatures of the legs of its line guides were ornamental and non-functional under this Court's analysis in *TrafFix Devices, Inc. v. Marketing Displays, Inc.*, 532 U.S. 23 (2001), which reversed a prior Sixth Circuit opinion: 200 F.3d 929 (1999) (Boggs, J.). The line guide legs attach the rings, through which the fishing line passes, to the fishing rod. Fuji personnel testified that such curved leg designs were chosen to distinguish the Fuji designs from prior straight-leg designs. JA 2243-44, 2252-54, 2267.

The parties contested whether the leg designs were functional, principally through the testimony of expert witnesses who differed as to whether curved legs or straight legs were stronger. Defendants' expert conducted tests showing that curved legs deflected more readily than straight legs, but defendants nonetheless alleged that curved legs would not permanently deform as readily as straight legs. JA 139, 1822, 2328. Defendants' expert did not test that proposition. Fuji's expert tested both initial deflection and permanent deformation of comparable straight and curved legs and determined that curved legs both deflected and permanently deformed more readily. Based on such test data, Fuji's expert testified that straight legs were stronger than comparable curved legs and, therefore, more functional. Fuji's expert also testified that straight legs used less material and were, therefore, cheaper to manufacture than curved legs. JA 2300-2307.

The district court found that Fuji's functionality expert, Dr. Pond, was more credible than defendants' expert, Dr. Skelton, but held that Fuji's four designs were functional based on a perception that the "presence of the disputed features in an expired utility patent" was determinative under this Court's decision in *TrafFix*:

> Absent the presence of the legs as key features in its expired utility patents, the Court would find Dr. Pond's expert opinion testimony more persuasive than Dr. Skelton's testimony on the functionality issue. Yet, given *TrafFix Devices*' reference that the presence of the disputed features in an expired utility patent is strong evidence of functionality and given Fuji's statements in its patent papers that the legs served a functional purpose, with any aesthetics being a byproduct, the Court concludes these facts outweigh the divided expert testimony on the functionality of Fuji's line guides.

App. 98. The district court did not analyze the four designs separately, stating only that the "legs at issues [*sic*] were features in Fuji's '027, '684 and '504 utility patents." App. 95. This focus on the legs being "features" of utility patents was not a finding that they were claimed in the patents, as that subject was never discussed in the court's analysis. The district court asserted that "Fuji's statements in its utility patent papers refer to the strength of the curved legs [and] the ability of the curved legs to reduce line entanglements," even though the portions of the patent specifications that the court quoted in its opinion did not, in fact, refer to curved legs in general or the curvature of the four specific leg designs at issue as having those characteristics. App. 95-97. For example, with respect to the strength of the legs, the district court apparently relied on comments in the 488 patent (quoted in the court's opinion at App. 96) about the line

guide rings being made of a sturdy material, even though the ring is not a leg, the designs discussed in the 488 patent do not correspond to any of the designs at issue and curvature of the legs was not mentioned. The district court did not otherwise explain how the curvature of the legs was functional.

Fuji argued to the Sixth Circuit, on appeal, that the district court had misunderstood the teachings of *TrafFix* and had mistakenly imposed the heavy burden of proving nonfunctionality on Fuji, despite the absence of both predicates to the imposition of that burden: (1) the assertion of *unregistered* trade dress, and (2) the feature at issue having been *claimed* in utility patents. Fuji further argued that the district court had compounded that error by treating the mere existence of utility patents that disclosed designs resembling one (but not all) of the designs at issue as dispositive on the functionality issue, without due consideration of whether the particular curvature of the legs at issue was ornamental.

The Sixth Circuit, in a precedential opinion, appeared to agree that this Court in *TrafFix* had emphasized the patent claims as key to the evidentiary impact of utility patents, but sidestepped a conventional assessment of the scope of the claims through creation of two new legal doctrines: (1) as to two of the leg designs, the resemblance between the patent drawings and the designs was deemed dispositive, in deference to what the Sixth Circuit considered to be the public policies underlying patent law, and (2) as to the remaining two leg designs, the designs were deemed to be the equivalents of those claimed despite their not having features equivalent to some of the claim limitations. In both cases, the Sixth Circuit considered its new legal principles to trump any ornamentality of the designs, despite this Court's statement in *TrafFix*:

> In a case where a manufacturer seeks to protect arbitrary, incidental, or ornamental aspects of features of a product found in the patent claims, such as arbitrary curves in the legs or an ornamental pattern painted on the springs, a different result might obtain. There the manufacturer could perhaps prove that those aspects do not serve a purpose within the terms of the utility patent. The inquiry into whether such features, asserted to be trade dress, are functional by reason of their inclusion in the claims of an expired utility patent could be aided by going beyond the claims and examining the patent and its prosecution history to see if the feature in question is shown as a useful part of the invention.

532 U.S. at 34.

ARGUMENT FOR ALLOWANCE OF THE WRIT

Summary

The Sixth Circuit in this case has embarked on an interpretation of the patent doctrine of equivalents at odds with the Federal Circuit jurisprudence requiring that doctrine not to be applied so as to eliminate a claim element in its entirety. District courts in the Sixth Circuit, and perhaps elsewhere, will now have to choose between two divergent approaches to determinations of the scope of patent claims. Litigants desiring a broad scope to patent claims will have incentive to file their cases in the Sixth Circuit, where they can hope to obtain a much more expansive view of the claim scope.

Equally significant, the Sixth Circuit has adopted an

approach to product configuration trademark cases inconsistent with this Court's rulings in *TrafFix* and with the approach taken elsewhere in the country where *TrafFix* is being applied as it was intended. The Sixth Circuit's approach puts patent law at odds with trademark law, such that if a design is within the scope of a patent claim, or even resembles, however loosely, a design disclosed in a patent, it is to be treated as ineligible for trademark significance, regardless of whether it incorporates ornamental features. The Sixth Circuit has effectively revived the blanket rule formerly followed in the Tenth Circuit pursuant to *Vornado Air Circulation Systems, Inc. v. Duracraft Corp.*, 58 F.3d 1498, 1500 (1995), and taken it much further, applying it to circumstances where there has been no showing of nexus between the design and the "inventive component" of the invention. The conflict among circuits that caused this Court to grant certiorari in *TrafFix* has thus re-emerged.

Unless this Court chooses to review the Sixth Circuit's opinion in this case, divergent legal principles will henceforth apply in at least the Sixth Circuit as to important aspects of patent and trademark law.

I. The Sixth Circuit's Version Of The Doctrine Of Equivalents Conflicts With That Followed By The Federal Circuit And This Court

1. A conventional patent claim doctrine of equivalents analysis is subject to the "All Limitations Rule." This rule has long been followed by the Federal Circuit:

> To establish infringement, every limitation set forth in a patent claim must be found in an accused product or process exactly or by a substantial equivalent.

Laitram Corp. v. Rexnord, Inc., 939 F.2d 1533, 1535 (Fed.

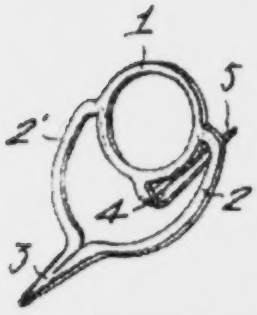
Cir. 1991). *See also id.* at 1539 ("To work 'in substantially the same way,' all the limitations of the claim must be satisfied at least equivalently."); *Unique Concepts, Inc. v. Brown*, 939 F.2d 1558, 1562 (Fed. Cir. 1991) ("All the limitations of a claim must be considered meaningful").

This Court likewise endorsed the All Limitations Rule in *Warner-Jenkinson Co., v. Hilton Davis Chemical Co.*, 520 U.S. 17, 29 (1997):

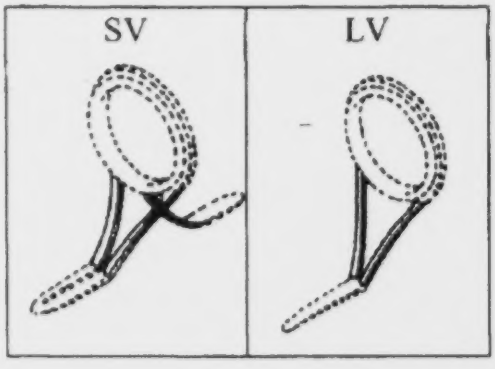
> Each element contained in a patent claim is deemed material to defining the scope of the patented invention, and thus the doctrine of equivalents must be applied to individual elements of the claim, not to the invention as a whole. It is important to ensure that the application of the doctrine, even as to an individual element, is not allowed such broad play as to effectively eliminate that element in its entirety.

An application of the doctrine of equivalents that would eliminate an element is said to "vitiate" the claim element. *See, e.g., Panduit Corp. v. Hellerman Tyton Corp.*, 451 F.3d 819, 830 (Fed. Cir. 2006).

2. The Sixth Circuit relied on the doctrine of equivalents to affirm the district court as to the SV and LV designs: "the SV and LV guides can be seen as equivalents under the doctrine of equivalents." App. 22-23. The patent to which both designs were compared was the 027 patent, which claimed a guide device for fishing lines "comprising a flat ring; a pair of first legs extending downwardly from the opposite peripheral sides of said ring at a gentle slope with respect to the plane of such ring [and] . . . a second leg extending downwardly from the lower periphery of said ring at a substantially midpoint between said first legs." The line guide device was illustrated in Figure 1 of the 027 patent:



Neither the SV nor LV designs has a pair of first legs extending downwardly from "the opposite peripheral sides of said ring," which origin the claim language indicates is on the sides of the ring, a point illustrated and described in the specification as being "at a substantially midpoint in the height of the ring." Moreover, the LV design has no feature corresponding to the claimed "second [*i.e.*, third] leg."



The Sixth Circuit noted these differences, but as to the SV design nonetheless concluded, without explanation, that "[e]ach element still 'performs substantially the same function in substantially the same way to obtain the same result'" and that as to the LV design, "the patent evidence increases the likelihood of finding that the LV device is functional." App. 23. As to both designs, the Sixth Circuit indicated that the "district court, as the trier of fact, could credit or discount the patent evidence by considering the likelihood that various features of the trademarked designs were claimed in any of the patents." The Sixth Circuit further stated: "we affirm the

district court's use of Fuji's patents in its functionality analysis and hold that an evaluation under the doctrine of equivalents is appropriate in the course of this kind of factual finding," and concluded that the district court's "investigation was properly illuminated by . . . consideration of the doctrine of equivalents." App. 25. Accordingly, application of the doctrine of equivalents was central to the Sixth Circuit's affirmance as to the LV and SV designs.

Both the LV or SV designs, however, lack elements recited in the claims of the 027 patent, and there was no evidence that they include equivalents to those elements. To treat them as equivalents effectively vitiates those claim elements. Accordingly, the Sixth Circuit's doctrine of equivalents analysis is inconsistent with the existing jurisprudence of the Federal Circuit and this Court.

There was an element of sophistry in the Sixth Circuit's discussion of the doctrine of equivalents, as it was not true that the district court had considered the scope of the patent claims, let alone applied the doctrine of equivalents. Instead, it was the Sixth Circuit, *sua sponte*, that chose to affirm on that basis. The Sixth Circuit's pose that it was merely affirming a lower court analysis does not, however, change the potential impact of the Sixth Circuit's opinion on both patent and trademark law, as the nature and application of the doctrine of equivalents is a legal issue, *e.g., Panduit Corp. v. Hellerman Tyton Corp.*, 451 F.3d 819, 826 (Fed. Cir. 2006), and the Sixth Circuit's opinion endorses an analysis of the doctrine of equivalents that permits elements of the claims to be ignored.

3. The Sixth Circuit seemed to suggest that because the issue was the relevance of utility patents to a product configuration trademark, it did not matter that a conventional patent scope analysis was not done. Thus, the Sixth Circuit held that it was not necessary to "remand this case to the

district court so that court can conduct a claim construction analysis in the first instance" because the district court had been "evaluating and weighing the patent as evidence of functionality." App. 24. The Sixth Circuit further suggested that a lesser standard was sufficient for product configuration cases by stating the district court could limit itself to considering "the likelihood that various features of the trademarked designs were claimed in any of the patents." App. 23 & 25 (emphasis added).

There is no support in *TrafFix* for applying a different patent claim scope analysis in product configuration cases. When this Court indicated in *TrafFix* that a "utility patent is strong evidence that the features therein claimed are functional," there was no suggestion that the term "claimed" meant to refer to something other than patent claim scope as conventionally understood. There was likewise no reference in *TrafFix* to the dispositive issue being the "likelihood" that the patent claims covered the feature. The analysis of *TrafFix* is that things that are "claimed" in a utility patent are "strong evidence" of functionality. Conversely, things that are not claimed are not subject to such an evidentiary presumption. Nor was there any suggestion in *TrafFix* that an analysis limited to viewing the drawings could substitute for an analysis of the claims or that the claim scope could be enlarged by ignoring traditional limitations on the doctrine of equivalents.

The Sixth Circuit's broadening of the scope of patent claims through ignoring the issue of claim limitation vitiation is likely to have adverse effects on both product configuration trademark law and patent law. Indeed, commentary on the decision has already emphasized the court's view that claim construction is unnecessary to determine the scope of patent claims for trademark functionality purposes. *See* 72 Pat., Trademark & Copyright J. [BNA] 486 (Sep. 1, 2006).

A different and fuzzier standard for determining patent scope for product configuration trademark purposes than for patent infringement and validity purposes would largely undo the clarity this Court brought to product configuration functionality law in *TrafFix*. Without grounding in the patent claims, courts will have no clear indicator as to when a utility patent is likely to be probative of functionality. Moreover, attempting to apply a patent-claim-oriented test without applying the same rules that are applied to patent cases will breed confusion and inconsistency in outcomes. Given that this Court has not endorsed a dual standard for the doctrine of equivalents in patent infringement cases and product configuration trademark cases, the Sixth Circuit's decision may also engender confusion at the district court level in patent infringement cases.

TrafFix should not be overread as mandating a functionality finding whenever utility patents are asserted to have relevance to trademark eligibility. A careful balance was struck in *TrafFix*: when utility patent claims include a feature, the patent is "strong evidence" of functionality; however, that evidence can still be overcome by evidence that aspects of the feature are ornamental. When a feature is not within the patent claims, then statements in the patent may be probative of functionality, but the patent is not treated as "strong evidence" of functionality. If that balance is not preserved, courts will too readily truncate their analysis without consideration of the issue that is at the core of functionality: whether the feature has non-functional aspects that are capable of being perceived by the relevant consuming public as source-signifying indicators.

II. The Sixth Circuit's Reliance On Patent Drawings To Determine Patent Scope Is Inconsistent With *TrafFix*

1. As noted above, in *TrafFix*, this Court held that the probative value of utility patents was dependent on whether features asserted to have trademark significance were within the patent claims. "A utility patent is strong evidence that the features therein claimed are functional." 532 U.S. at 29. The *TrafFix* opinion made five additional references to the significance of the patent claims. *Id.* at 30-31. Where coverage under patent claims was coupled with the statutory presumption of functionality attributable to non-registered trade dress (the opposing presumption is applicable to three out of four of the designs at issue here, due to their registration as trademarks), the Court indicated that a "heavy burden" of proving nonfunctionality rested on the trade dress proponent. Even where such a heavy burden was applicable, however, the Court indicated that such a burden could be carried by showing that the feature "is merely an ornamental, incidental, or arbitrary aspect of the device." *Id.* at 30.

2. The analysis set forth in *TrafFix* cannot be squared with the Sixth Circuit's categorical ruling that features disclosed in patent drawings fall into the "public domain" and are thereby ineligible to serve as trademarks. As to two of the leg designs in issue, the N and LR designs, the Sixth Circuit treated the designs as ineligible for trademark status (notwithstanding that the Patent and Trademark Office had issued a trademark registration covering the N design), based on the similarity of those designs to the specification drawings in the 027 and 504 patents and the panel's perception of the public policies underlying patents:

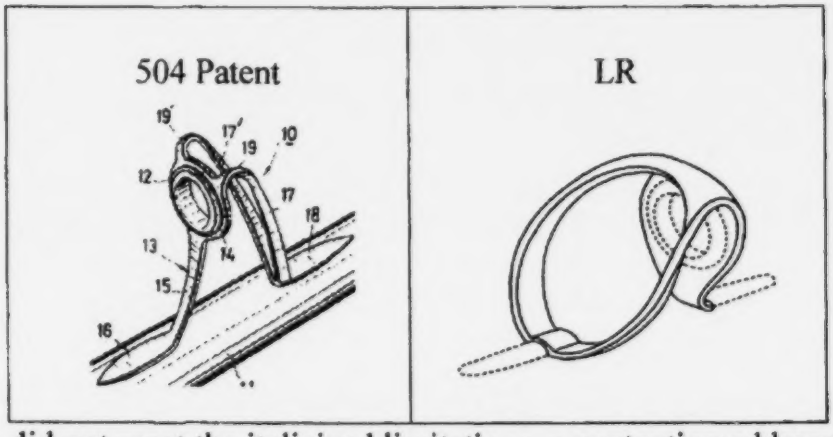
> Before considering the district court's findings of fact, we note that Fuji's model N guide is nearly identical to

> the specification disclosed in the '027 patent as the preferred embodiment of its invention. In this case, Fuji has sought to trademark a patent's disclosed specification for a product that is utilitarian and unadorned. On the strength of this identity, the obvious utility of the design, and the method disclosed for fashioning line guides in the '027 patent, this design must be considered now to be in the public domain. Further, Fuji's LR-type guide is substantially identical to the specification disclosed in the '504 patent. For the same reasons, this design should also be considered in the public domain. When a utility patent expires, "there passes to the public the right to make the machine in the form in which it was constructed during the patent." *Singer Mfg. Co. v. June Mfg. Co.*, 163 U.S. 169, 185, 16 S.Ct. 1002, 41 L.Ed. 118 (1896). As an inescapable consequence of this right, a court may not prevent an individual skilled in the art of line guide manufacture from duplicating the specification disclosed in either the '027 or '504 patent and creating guides identical to the N and LR models. *See* 35 U.S.C. § 112. Therefore, based solely upon our understanding of patent law, the district court was justified in canceling Fuji's '505 registration and dismissing its claims based upon its unregistered LR design.

App. 9-10.

The Sixth Circuit's predicate assumptions that the N design was "nearly identical" to the disclosure of the 027 patent and that the LR design was "substantially identical" to the disclosure of the 504 patent passed over differences between those two designs and both the disclosure and the claims of the patents in question. For example, the 504 patent claimed and illustrated a line guide having "a plurality of legs having feet structurally adapted to be secured to the rod, *two of said legs*

diverging radially of the rod from a single one of said feet, and extending past opposite sides of the centerline of said guide ring and *thence downwardly radially* to said jacketing ring and joined thereto." Fuji contended that its LR design



did not meet the italicized limitations, a contention addressed by neither the Sixth Circuit nor the district court. Moreover, the chief advantage of the configuration claimed in the 504 patent was the extension of the legs above the jacketing ring, which protected the ring from damage if the rod was bumped against a hard object. JA 1829 (col. 2, lns. 22-25). This advantage could obviously be achieved through legs of a variety of configurations, demonstrating that the feature at issue–the specific curvature of the LR leg assembly–was not shown to be functional by the 504 patent, which neither disclosed nor claimed legs of that curvature.

Aside from any infirmity in the Sixth Circuit's appellate factual findings, the Sixth Circuit's reliance on the patent drawings, rather than the claims, to determine the functionality of the N and LR leg designs is inconsistent with this Court's analysis in *TrafFix*, particularly because the Sixth Circuit gave no reason other than such resemblance to explain what was functional about the curvature of the legs of the N and LR designs. As with the Sixth Circuit's jettisoning of the All Limitations Rule, treating subjective views of substantial

identity between patent drawings and product features as dispositive of the trademark eligibility of those features will lead to uncertainty and inconsistency in case outcomes, contrary to the approach of this Court in *TrafFix* and the approach of the other courts, such as the Federal Circuit, that have required a substantive nexus between trade dress features and statements made in a patent allegedly bearing on functionality. *See Black & Decker, Inc. v. Hoover Service Center*, 886 F.2d 1285, 1290-91 (Fed. Cir. 1989) (lower court misread patent comments about internal knobs as relating to functionality of external shape). The Sixth Circuit's standard fails to focus on the correct issue, as is further discussed in the next section.

III. The Sixth Circuit's Treatment Of Patent Drawings And/Or Claims As Dispositive Of Functionality Regardless Of Ornamentality Is Inconsistent With *TrafFix*

1. The Sixth Circuit's analysis that patent law places every feature disclosed or claimed in an expired patent, as well as loosely defined "equivalents" of those features, "in the public domain," such that copying of them may not be inhibited by any legal rights, including trademark rights, is both incorrect as a matter of public policy and inconsistent with *TrafFix*.

Patent law and trademark law are directed to two distinct purposes. Patent law grants an exclusive right to an inventor to use a new invention, for a limited term, in order to encourage the development of new technology and the disclosure of such new technology to the public. Trademark law, as applied to product configurations, allows the use of non-functional features as source identifiers, thereby protecting the public (and the producer) from confusion about product identity and source. Because trademark rights

can only inhere in non-functional aspects of the product, patent rights and trademark rights do not conflict.

This Court's recognition in *TrafFix* that even features within the claims of an expired patent could constitute protected trade dress where they were "an ornamental, incidental, or arbitrary aspect of the device," 532 U.S. at 30 & 34, was a very important aspect of the balance struck by this Court. While a novel, and necessarily functional, invention is required to be incorporated in the claims of patent, the claims are not directed solely to that novel functional aspect. Rather, the claims are generally drafted as broadly as possible to cover everything that incorporates the novel aspect. Claims are thus typically written in open-ended language, allowing the product or method that embodies the invention to also include other features. Accordingly, products that incorporate a variety of features not mentioned in a patent may fall within the scope of patent claims. The fact that the product as a whole is "claimed" is not dispositive and may not even be relevant to whether all the features of the product are functional. It is essential, in that situation, to go beyond the claim and to examine whether the feature asserted to constitute a trademark is ornamental, incidental or arbitrary.

Likewise, claims recite the necessary elements of an invention in broad language, so as to encompass all variants. That does not, however, mean that all variations are equally functional. As this Court recognized in *TrafFix*, they may incorporate ornamental aspects, regardless of whether the assembly as a whole is within a patent claim. For example, assume that a patent is granted to the first person to invent a chair. The patent has one claim, with three elements: (1) a seat, (2) a back, and (3) four legs. A chair with Chippendale legs would infringe the patent, regardless of whether Chippendale legs were disclosed in the patent. However, the

Chippendale styling is ornamental and would be eligible to acquire trademark meaning if it came to be recognized as source-signifying by sufficient members of the public. If the inventor of the patent started manufacturing chairs with Chippendale styling while the patent was still in force, he could assert that such styling had acquired trademark status after expiration of the patent, even though he could no longer stop others from making chairs of other designs. Indeed, most cases will not fit the fact pattern of *TrafFix*, where the inventive aspect of the utility patent was also the feature alleged to have trademark meaning.

It was thus a major departure from the *TrafFix* analysis for the Sixth Circuit to conclude that resemblance to the drawings or inclusion in the patent claims, as broadened by an overly generous application of the doctrine of equivalents, was dispositive of the trademark status of Fuji's leg designs, without the need for any careful examination of the issue of ornamentality.

The Sixth Circuit's reliance on the earlier case of *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 150-51 (1989), to support its deviation from *TrafFix* misapplied *Bonito Boats*. *See* App. 8-9 & 18. *Bonito Boats* held that a state statute prohibiting boat hull copying was preempted by the federal patent laws. In so ruling, this Court made clear that only pseudo-patent statutes were preempted and that States (and, *a fortiori*, Congress) were not "disabled from offering any form of protection to articles or processes which fall within the broad scope of protectable subject matter." 489 U.S. at 154. The Court clarified that preemption was narrow, notwithstanding *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964), which had held an aspect of a state unfair competition law to be preempted:

> That the extrapolation of such a broad pre-emptive principle from *Sears* is inappropriate is clear from the balance struck in *Sears* itself. The *Sears* Court made it plain that the States "may protect businesses in the use of their trademarks, labels, or distinctive dress in the packaging of goods so as to prevent others, by imitating such markings, from misleading purchasers as to the source of the goods." *Sears*, supra, at 232 (footnote omitted). Trade dress is, of course, potentially the subject matter of design patents. See *W. T. Rogers Co. v. Keene*, 778 F.2d 334, 337 (CA7 1985). Yet our decision in *Sears* clearly indicates that the States may place limited regulations on the circumstances in which such designs are used in order to prevent consumer confusion as to source.

Id. Accordingly, *Bonito Boats*, no less than *TrafFix*, does not stand for the Sixth Circuit's proposition that copying of features disclosed or claimed in an expired utility patent may not be restricted as a matter of public policy.

2. The Sixth Circuit nonetheless avoided any direct assessment of ornamentality through reliance on what it treated as the dispositive effect of the utility patents. Thus, with respect to the N and LR designs, the Sixth Circuit concluded that those designs were within the public domain, in light of their supposed resemblance to the 027 and 504 patents, without any discussion of whether their legs incorporated an ornamental curvature. App. 9-10. With respect to the LV and SV designs, the court acknowleged that Fuji had contended that the curvature of the legs was not addressed in its patents, but held that such argument did not have to be considered if the designs fell within the claims:

> Fuji maintains that the curvature of the legs in the trademarked designs is outside the scope of its patents. This argument, as a legal argument, is well-taken.

> However, in this instance, Fuji's reliance upon it is unavailing because the design departure in this case is too slight not to be included by the claims of the utility patents at issue.

App. 20. The Sixth Circuit went on to affirm on the basis that: "If the N and LR guides are held to be literal embodiments of the Fuji '027 and '504 patents, the SV and LV guides can be seen as equivalents." *Id.* at 22-23. Aside from whether there was any merit to either the Sixth Circuit's literal claim scope analysis or its doctrine of equivalents analysis, its reasoning misses the point that ornamentality of the particular curvature of the legs had to be considered regardless. Fuji's reliance on such curvature could not be "unavailing" based on whether the curvature was within or without the scope of the claims.

The Sixth Circuit's approach was further exemplified by its mischaracterization of the *TrafFix* Court's teaching that ornamentality might still be shown, despite a feature having been included in the patent claims. After quoting that portion of the *TrafFix* opinion, the Sixth Circuit stated:

> This raises two questions. First, did Fuji's patents actually claim the features in question, and two, despite Fuji's literal claims, would their patents still have covered the designs at issue here.

App. 21. In other words, both the questions that the Sixth Circuit thought were raised by ornamentality had to do with whether the patents covered the designs. The Sixth Circuit entirely missed the point that ornamentality was to be considered <u>even if</u> the patent claims covered the feature. The rest of its analysis continued to conflate those issues.

The Sixth Circuit implied that the district court made a finding on ornamentality:

> Fuji attempted to show that its trademarked legs' shape was "ornamental, incidental, or arbitrary." Mr. Goto testified for Fuji that the trademarked curves "were selected based on aesthetics or an ornamental design," and that "no calculations were conducted regarding the strength" of the legs. Mr. Yamamoto also opined for Fuji that "we did not calculate the strength," the selection criteria was "Mr. Ohmura's preference." In contrast, however, Fuji's own marketing materials claimed that its patented designs were light, strong, shock-absorbent, and flexible. Given the plain language of *TrafFix,* we cannot say that it was error for the district court to give more weight to the utility patents and Fuji's admissions than to its witnesses, including the experts, on the issue of functionality. The district court's weighing of the evidence is plausible.

App. 19-20. However, the district court never addressed whether the trademarked legs' shape was "ornamental, incidental, or arbitrary," either explicitly or by implication. The district court never described what about the curvature of the four leg designs made them better suited to carry out a function. Rather, as mentioned above, the only evidence adduced at trial relating to that subject concerned whether curved legs as a class were stronger than straight legs. The most probative evidence on that point was the testimony of the experts, as to which the district court found that plaintiff's expert was more credible, when he testified, based on direct

measurement, that straight legs were stronger.[1]

The marketing materials referenced by the Sixth Circuit did not say that the advantages of the line guides were due to the curvature of the legs; they suggested that lightness and flexibility of the guides arose from their frames, which were described as a "no-welded strong one-piece construction." JA 664. The "shock-absorbing frame" was described as "made of special spring stainless steel." JA 665. The SV and LV models were also shown as shorter than preceding models, resulting in reduced air resistance. JA 668. None of these advantages were shown by any evidence to be due to the curvature of the legs. The emphasis in the brochures on the new concave V-shaped designs was consistent with the source-identifying purpose that Fuji's witnesses ascribed to the new curvature.

3. The Sixth Circuit also treated the district court as having made a finding of functionality under the test set forth in *In re Morton-Norwich Prods., Inc.*, 671 F.2d 1332, 1340-41 (C.C.P.A. 1982), a case the district court did not even mention. Under *Morton-Norwich*, the functionality of a product is evaluated pursuant to four factors:

> (1) the existence of a utility patent disclosing the utilitarian advantages of the design; (2) advertising materials in which the originator of the design touts the design's utilitarian advantages; (3) the availability to

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[1] Remarkably, after first noting that the district court had credited plaintiff's expert more than defendants' and indicating such testimony was enough to rebut a presumption of functionality, the Sixth Circuit then relied on the district court's crediting expert testimony as supporting the ruling against plaintiff. *Compare* App. 7 to App. 13.

competitors of functionally equivalent designs; and (4) facts indicating that the design results in a comparatively simple or cheap method of manufacturing the product.

App. 14-15.

However, the analysis pursuant to *Morton-Norwich* was that of the Sixth Circuit, not the district court. As noted above, the district court relied primarily on its misperception of the significance of utility patents under *TrafFix*, so much so that it considered utility patents that lacked any nexus to the designs at issue to outweigh what it found to be the credible expert testimony favoring nonfunctionality.

The Sixth Circuit's analysis was dominated by its misperception that patent law precluded any recognition of potential trademark significance for the designs. Its review of the evidence relating to functionality was, accordingly, result driven. As to the first *Morton-Norwich* factor, the Sixth Circuit's only comment was: "First, we have already discussed that Fuji owned a utility patent that disclosed the advantage of its design. *See supra* Part III.A." App. 16. However, Part III.A had only discussed the N and LR designs, not the LV and SV designs, and had merely assumed that the functional advantages of the designs were self-evident from the patent drawings.

As to the second factor, the Sixth Circuit relied on the same advertising materials discussed above. *Id.*

As to the availability of functionally equivalent designs, the Sixth Circuit pointed to the testimony of Joseph Meehan, principal of one of the defendants:

Joseph Meehan of Amtak testified that "[c]ustomer perception is [that] there are only certain designs for [use

> as] spinning guides, casting guides, and boat guides, alternative designs would not be acceptable." Testimony also revealed that there is a "widely held belief that all other leg shapes and designs are far inferior" to the designs at issue, and that these designs are "simply the design fishing enthusiasts will buy."

App. 16. Such testimony that customers prefer the designs amounts to no more than a contention that defendants ought to be able take a free ride on the reputation for quality that Fuji has built up over many years, a position that is fundamentally at odds with the purpose of trademark recognition of product configurations. *E.g., Eco Mfg. LLC v. Honeywell Int'l Inc.*, 357 F.3d 649, 654 (7th Cir. 2003) (treating a product as aesthetically functional merely because some consumers prefer its look would destroy protection of trade dress). Significantly, the district court never relied on this testimony, which the Sixth Circuit found in the record to support its own fact-finding on appeal. In contrast, the district court pointed to Meehan testimony that supported the availability of alternative designs: "Meehan . . . conceded that he was unaware of any advantages or disadvantages between V-shaped guides having straight legs versus curved legs. Meehan's new company, America Tackle Company, advertises alternatives line guides." App. 54.

Finally, the Sixth Circuit claimed that the evidence indicated that "the use of curved legs impact[s] the cost of producing the line guide," pointing to the Fuji single-piece construction patents, such as the 027 patent, and to the testimony of Fuji's witness, Mr. Goto. App. 16-17. However, the evidence indicated that the single-piece construction that was the focus of the 027 patent could be made with differently curved legs, JA 2242, 2297-98, 2305, and that design was relevant, at most, only to the N line guides. As to Mr. Goto, the Sixth Circuit said he answered

"yes" to the question whether "the shape of the legs of the guide can affect the manufacturing cost," but neglected to mention that he was not asked whether curved legs were more or less expensive to manufacture than straight legs, so that his testimony had no probative relationship to the functionality of curved legs. JA 2247. Dr. Pond testified that straight legs are cheaper to manufacture for several reasons. JA 2306-7.

In short, the Sixth Circuit's conclusion as to functionality was based on its view of the legal effect of Fuji's utility patents, and its discussion of other evidence was without substance. It is apparent that the Sixth Circuit endorsed an approach to product design functionality that is inconsistent with this Court's ruling in *TrafFix* and that will, if not addressed by this Court, lead to substantial confusion in future product configuration cases.

CONCLUSION

For the foregoing reasons, the petition for a writ of certiorari should be granted.

November 21, 2006

Respectfully submitted,

JAMES A. OLIFF
WILLIAM J. UTERMOHLEN*
DARLE M. SHORT
OLIFF & BERRIDGE, PLC
277 South Washington Street
Alexandria, VA 22314
(703) 836-6400

Counsel for Petitioner

**Counsel of Record*

APPENDIX

APPENDIX

6th Circuit Opinion (August 23, 2006) 1

U.S. District Court for the Middle District of Tennessee
Opinion (April 22, 2005).....26

RECOMMENDED FOR FULL-TEXT PUBLICATION
Pursuant to Sixth Circuit Rule 206

File Name: 06a0312p.06

UNITED STATES COURT OF APPEALS
FOR THE SIXTH CIRCUIT

FUJI KOGYO CO., LTD,	)	
Plaintiff-Appellant,	)	
v.	)	No. 05-5854
	)	
PACIFIC BAY INTERNATIONAL, INC., et al.,	)	
Defendants-Appellees.	)	

Appeal from the United States District Court
for the Middle District of Tennessee at Nashville.
No. 02-00042 -- William J. Haynes, Jr., District Judge.

Argued: April 19, 2006.

Decided and Filed: August 23, 2006

Before: BOGGS, Chief Judge; SUTTON, Circuit Judge; and SCHWARZER, District Judge.*

---

* The Honorable William W Schwarzer, United States District Judge for the Northern District of California, sitting by designation.

COUNSEL

ARGUED: William J. Utermohlen, OLIFF & BERRIDGE, Alexandria, Virginia, for Appellant. Hugh F. Bangasser, PRESTON, GATES & ELLIS, Seattle, Washington, for Appellees.
ON BRIEF: William J. Utermohlen, James A. Oliff, Darle M. Short, OLIFF & BERRIDGE, Alexandria, Virginia, William L. Harbison, SHERRARD & ROE, Nashville, Tennessee, for Appellant. Hugh F. Bangasser, PRESTON, GATES & ELLIS, Seattle, Washington, Theresa L. Keyes, PRESTON, GATES & ELLIS, Spokane, Washington, Stephen H. Price, STITES & HARBISON, Nashville, Tennessee, Mark J. Patterson, Emily A. Shouse, WADDEY & PATTERSON, Nashville, Tennessee, Kent E. Krause, BREWER, KRAUSE, BROOKS, CHASTAIN & BURROW, Nashville, Tennessee, for Appellees.

OPINION

BOGGS, Chief Judge. Plaintiff Fuji Kogyo Co., appeals the decision of the district court dismissing its suit to enjoin its competitors, the Defendants, Pacific Bay International, Inc., Batson Enterprises, Inc., and Amtak Limited, from selling fishing line guides that allegedly infringe its registered and unregistered trademarks. The district court cancelled three of Fuji's registered trademarks because it found them to be functional and therefore unprotectable. We affirm.

I

This is a trademark infringement case brought by a Japanese maker of fishing tackle against American distributors of competing goods. The goods at issue are fishing line guides. A line guide, not surprisingly, guides fishing line along the axis of a fishing rod. It consists of a frame and ring. The ring guides the line and the frame holds the ring. The frame has legs that attach to the ring and feet that mount to the rod. Different guides have different fishing uses. For example, lighter guides are used on fly rods or fresh water spinning rods, while heavier guides are used on rods that require little casting or heavier bait. Line guides transmit the force of a caught fish and the weight of the lure to the rod. Strength in several dimensions is as important as flexibility. A line guide should be light, aerodynamic when the rod is in motion, and resist line entanglement.

Fuji is a family run company; the President is the grandson of the founder, Rindtaro Ohmura, who began manufacturing various products, including elastic watch bands, in 1945. In 1960, Fuji began to manufacture fishing tackle and, in 1965, fishing tackle exclusively. Early in its history, Fuji's competitors copied and manufactured an original Fuji watchband design to Fuji's detriment. To avoid this fate, it became Fuji's policy not to manufacture any product without some form of intellectual property protection. Accordingly, with regard to the products concerned in this case, Fuji has been granted three trademark registrations, four utility patents, and seven design patents within the United States.

Fuji initially protected its innovative product design through United States utility patents. Four patents are here relevant and they are depicted, along with their grant dates,

in Figure 1. All of these patents teach a method of manufacture where the line guide is formed from a single piece of sheet metal, hole-punched, and bent into the finished shape. The guides at issue in this case are also made by stamping and forming. Figure la illustrates how Fuji's model N line guide is made from forming stamped metal.

Figure 1

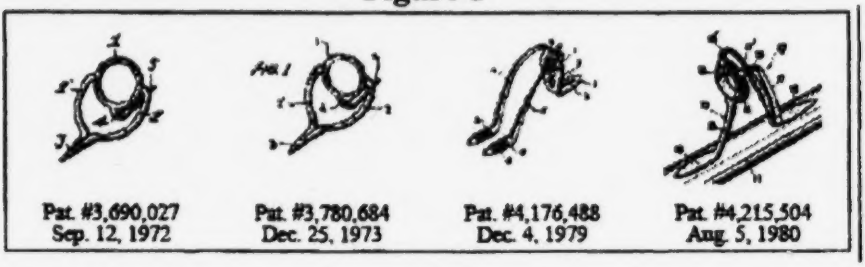
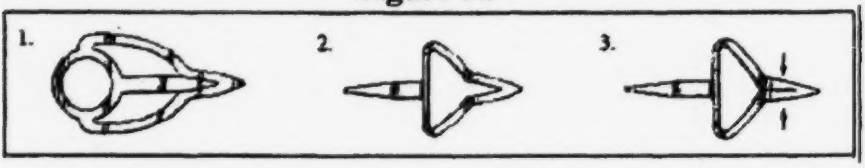
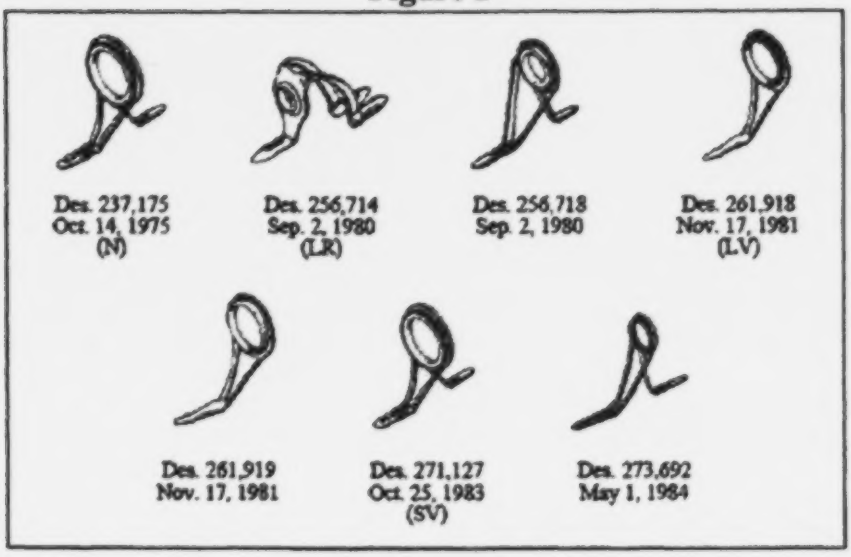


Figure 1a



Next, to achieve further protection from competition, Fuji applied for and was granted seven design patents. These patents, their grant dates, and the models they relate to, if discernible from the record, are illustrated in Figure 2.

Figure 2

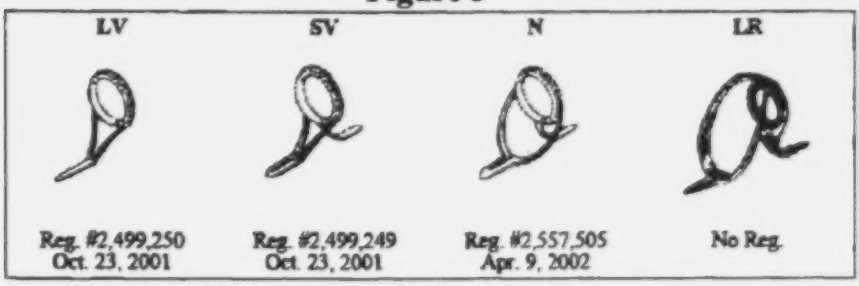


At least as early as 1982, Fuji enforced its patents against perceived infringement through letters to competitors and threats of litigation. However, examples of the allegedly infringing designs against which Fuji took action are not included in the record.

As its utility and design patents began to expire, the company learned of a competitor using trademark law to protect its designs. *See, e.g.*, 15 U.S.C. §§ 1051-1141. So, in 1993, Fuji began to register its product designs as trademarks. However, only three of the four claimed trademarks in this case were eventually registered because Fuji found that the registration process was costly and time consuming, taking more than nine years. Some of this expense can be attributed to defendant Pacific Bay's opposition to Fuji's registration. Fuji's registered and claimed trademarks are illustrated in Figure 3. Fuji's trademark claims were limited, covering only a portion of the entire design-the solid portions of the LV, SV, and N models in the illustrations. The mark that is claimed is represented by legs

that "essentially form[ ] a V-configuration." *See, e.g.*, U.S. Trademark Reg. No. 2,499,250.

Figure 3



Fuji distributes its products in the United States exclusively through Anglers Resource. None of the defendants manufactures line guides. The three defendants, Pacific Bay, Batson, and Amtak, all compete against Anglers Resource by importing and reselling allegedly infringing line guides.

Fuji's complaint was filed January 11, 2002. It stated causes of action for trademark infringement pursuant to 15 U.S.C. § 1114, counterfeiting of goods in violation of 15 U.S.C. § 1125(a), and parallel claims under the laws of Tennessee. All of the claims proceeded to a bench trial conducted by Judge Haynes in September 2003. In a lengthy memorandum opinion and judgment issued April 22, 2005, the district court dismissed the trademark claims at issue here and cancelled all of Fuji's asserted trademark registrations pursuant to 15 U.S.C. § 1119. *See Fuji Kogyo Co. v. Pac. Bay Int'l*, No. 02-42 (M.D. Tenn.) [hereinafter *Fuji*]. It is from this judgment that Fuji appeals.

The district court concluded that the trademarked product configurations were functional and therefore could not be protected. *Id.* at 61. The district court looked mainly to Fuji's own statements within its expired utility patents to

make its functionality determination. *Ibid.*. Additionally, the court noted Fuji's statements in advertising and other documents introduced as further evidence of the functionality of the product configurations. *Id.* at 62. The court noted that Fuji's proof reflected consumer recognition of the functionality of the designs. *Ibid.* Finally, the court noted that since the expert witnesses at trial were divided about the functionality of the trademarked configurations (with the court crediting the plaintiff's expert more) it held that this evidence was outweighed by Fuji's statements within its patents. *Id.* at 63. The court held that "the curved legs of Fuji's four line guides are wholly functional and thus are not entitled to continued trademark protection," "with any aesthetics being a byproduct" of that function. *Ibid.*

II

We review the legal conclusions of the district court de novo. *United States v. Morgan,* 435 F.3d 660, 663 (6th Cir. 2006) (citing *United States v. Harris,* 192 F.3d 580, 584 (6th Cir. 1999)). In this regard, "a district court's allocation of the burden of proof is a question of law subject to de novo appellate review." *First Tenn. Bank Nat. Ass'n v. Barreto,* 268 F.3d 319, 326 (6th Cir. 2001). "Functionality [in a trademark case] is a factual determination reviewed only for clear error." *Ferrari S.P.A. v. Roberts,* 944 F.2d 1235, 1246 (6th Cir. 1991) (citing *LeSportsac, Inc. v. K Mart Corp.,* 754 F.2d 71, 77 (2d Cir. 1985)). A factual conclusion is clearly erroneous only when we are "left with the definite and firm conviction that a mistake has been committed." *Anderson v. City of Bessemer City,* 470 U.S. 564, 573 (1985) (quoting *United States v. U.S. Gypsum Co.,* 333 U.S. 364, 395 (1948)).

III

A

A United States utility patent grants the holder a monopoly right to an invention for a term of years, generally twenty years from the date of filing. *See* Uruguay Round Agreements Act, § 532(a)(1), 35 U.S.C. § 154(a)(2) (1994). "[T]he ultimate goal of the patent system is to bring new designs and technologies into the public domain through disclosure." *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 151 (1989). "From their inception, the federal patent laws have embodied a careful balance between the need to promote innovation and the recognition that imitation and refinement through imitation are both necessary to invention itself and the very lifeblood of a competitive economy." *Id.* at 146. Importantly, grant of a patent requires disclosure of a specification that can be copied by future imitators:

> The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same, and shall set forth the best mode contemplated by the inventor of carrying out his invention.

35 U.S.C. § 112. When the patent requirements of novelty, nonobviousness, and utility are met, and the applicant reveals the "best mode contemplated" of harnessing the invention, an exclusive right is granted. *See Bonito Boats,* 489 U.S. at 150. However, when that period expires, the other component of the "carefully crafted bargain" obtains: "knowledge of the invention inures to the people, who are thus enabled without

restriction to practice it and profit by its use." *Id.* at 151. Again, the public are the ultimate beneficiaries of the patent holder's genius:

> First, patent law seeks to foster and reward invention; second, it promotes disclosure of inventions, to stimulate further innovation and to permit the public to practice the invention once the patent expires; third, the stringent requirements for patent protection seek to assure that ideas in the public domain remain there for the free use of the public.

Aronson v. Quick Point Pencil Co., 440 U.S. 257, 262 (1979).

Before considering the district court's findings of fact, we note that Fuji's model N guide is nearly identical to the specification disclosed in the '027 patent as the preferred embodiment of its invention. In this case, Fuji has sought to trademark a patent's disclosed specification for a product that is utilitarian and unadorned. On the strength of this identity, the obvious utility of the design, and the method disclosed for fashioning line guides in the '027 patent, this design must be considered now to be in the public domain. Further, Fuji's LR-type guide is substantially identical to the specification disclosed in the '504 patent. For the same reasons, this design should also be considered in the public domain. When a utility patent expires, "there passes to the public the right to make the machine in the form in which it was constructed during the patent." *Singer Mfg. Co. v. June Mfg. Co.*, 163 U.S. 169, 185 (1896). As an inescapable consequence of this right, a court may not prevent an individual skilled in the art of line guide manufacture from duplicating the specification disclosed in either the '027 or '504 patent and creating guides identical to the N and LR models. *See* 35 U.S.C. § 112. Therefore, based solely upon our understanding of patent law, the district court

was justified in cancelling Fuji's '505 registration and dismissing its claims based upon its unregistered LR design.

B

The Lanham Act defines a trademark as "any word, name, symbol, or device" used or intended to be used in commerce "to identify and distinguish ... goods ... from those manufactured or sold by others." 15 U.S.C. § 1127. Registration of a mark entitles the owner to sue for infringement and bestows upon the mark a presumption of validity in that suit under 15 U.S.C. § 1114. *See Wal-Mart Stores v. Samara Bros., Inc.*, 529 U.S. 205, 209 (2000). The owner of an unregistered mark may also sue for infringement. *See* 15 U.S.C. § 1125(a); *Abercrombie & Fitch Stores, Inc. v. Am. Eagle Outfitters, Inc.*, 280 F.3d 619, 629 (6th Cir. 2002).

The design of a product, as well as the packaging of the product, both part of its "trade dress," may form the basis of a suit under the Lanham Act. *See Samara Bros.*, 529 U.S. at 209-10.

> It is well established that trade dress can be protected under federal law. The design or packaging of a product may acquire a distinctiveness which serves to identify the product with its manufacturer or source; and a design or package which acquires this secondary meaning, assuming other requisites are met, is a trade dress which may not be used in a manner likely to cause confusion as to the origin, sponsorship, or approval of the goods. In these respects protection for trade dress exists to promote competition.

TrafFix Devices, Inc. v. Mktg. Displays, Inc., 532 U.S. 23, 28 (2001).

If a product's design is functional, that design cannot serve as a trademark. *Qualitex Co. v. Jacobson Prods. Co.,* 514 U.S. 159, 164 (1995); 15 U.S.C. § 1052(e)(5) "The functionality doctrine prevents trademark law, which seeks to promote competition by protecting a firm's reputation, from instead inhibiting legitimate competition by allowing a producer to control a useful product feature." *Ibid.* That is the province of patent law. Therefore, "trade dress protection may not be claimed for product features that are functional." *TrafFix,* 532 U.S. at 29.

Registration of a trademark gives rise to a rebuttable presumption that the trademark is valid. The burden falls on a challenger to rebut this presumption. *See Talking Rain Beverage Co. Inc. v. S. Beach Beverage Co.,* 349 F.3d 601, 603 (9th Cir. 2003); *Burke-Parsons-Bowlby Corp. v. Appalachian Log Homes, Inc.,* 871 F.2d 590, 594 (6th Cir. 1989). Under the Lanham Act, the party asserting trade dress protection without registration has the burden of proving that the matter sought to be protected is not functional. 15 U.S.C. § 1125(a)(3); *TrafFix,* 532 U.S. at 29.

Separate from trademark protection and utility patent, the statute allows for an original ornamental design to be patented. 35 U.S.C. § 171. "A design patent is directed to the appearance of an article of manufacture." However, "[i]f the particular design is essential to the use of the article, it can not be the subject of a design patent." *L.A. Gear, Inc. v. Thom McAn Shoe Co.,* 988 F.2d 1117, 1123 (Fed. Cir. 1993) (citations omitted). A design patent, counter to a utility patent, is presumptive evidence of nonfunctionality, evidence that may support a similar trademark claim. *See In re Morton-Norwich Prods., Inc.,* 671 F.2d 1332, 1342 n. 3 (C.C.P.A. 1982); *Topps Co. Inc. v. Gerrit J. Verburg Co.,* 41 U.S.P.Q.2d 1412 (S.D.N.Y. 1996). The existence of design patent does not

preclude the same product from protection as a trademark under the Lanham Act either simultaneously or successively. *See Kohler Co. v. Moen Inc.*, 12 F.3d 632, 638 (7th Cir. 1993) (noting that a trademark owner has an indefinite term of protection and must also prove secondary meaning and likelihood of confusion in an infringement suit, which the owner of a design patent need not do); *In re Honeywell Inc.*, 8 U.S.P.Q.2d 1600, 1601 (P.T.O. T.T.A.B. 1988); *Application of Mogen David Wine Corp.*, 372 F.2d 539, 540 (C.C.P.A. 1967). After fourteen years, the ornamental design contained in a design patent "passes into the public domain." *Compare* 35 U.S.C. § 173 (granting fourteen years for design patents) *with* 35 U.S.C. § 154 (granting twenty years for utility patents).

The design patents in this case do little to help resolve the merits. For example, while the product described in the '714 design patent is almost identical to that in the '488 utility patent, the utility patent presents a presumption of functionality and the design patent presents a presumption of nonfunctionality. Clearly, the variety of intellectual property in this case demonstrates that the issue cannot be decided through evidentiary presumptions. This type of contradiction cannot be resolved without a trial. The district court was correct in evaluating and weighing all the evidence and in not relying on the aggregate of the statutory presumptions. Therefore, it was not error for the district court to fail to make a formal accounting of each of the statutory burdens in its written opinion in a ritualistic manner. *See United States v. Johnson*, 403 F.3d 813, 816 (6th Cir. 2005) ("ritual incantation" of sentencing factors by the district court is not necessary) (quoting *United States v. Washington*, 147 F.3d 490, 490-91 (6th Cir. 1998)); *United States v. Manarite*, 44 F.3d 1407, 1419 (9th Cir. 1995) (a district court need not mechanically recite Fed. R. Evid. 403's requirements before admitting evidence).

The district court held that all three of Fuji's registered trademarks were functional and that its one unregistered mark was functional as well. *Fuji* at 63. Although Fuji argues extensively about the presumption of nonfunctionality bestowed upon its asserted marks by statute, it cannot eliminate the fact that Defendants have overcome this presumption through their proofs. In addition to the utility patents on the record, Defendants presented printed materials constituting admissions by Fuji, testimony by lay witnesses regarding the functionality of the designs, and the testimony of expert witnesses as well.

Defendants offered lay witnesses who testified that the curved legs "act as shock absorbers and reduce the occurrences of line entanglement [more] than line guides with straight legs," *Fuji* at 25, and experts who opined that "Fuji's curved leg line guide is stronger and more able to withstand shock and torque in the lateral direction than a comparable line guide with straight legs," *id.* at 32. Fuji's expert countered that the line guide tested with straight legs was stronger than Fuji's trademarked curved configuration and cheaper to manufacture. *Id.* at 26-33. The credentials and testimony of the opposing experts were impressive. When credited by the district judge, either was enough to rebut a presumption of functionality or non-functionality. The district court was charged with weighing the evidence in this case and making a determination by a preponderance of the evidence. We cannot say that the court's conclusion was erroneous, and certainly not clearly erroneous. We therefore find that Fuji's argument regarding a misplaced burden by the district court is without merit.

C

Having considered the initial allocation of the burden of proof, we now consider the merits of the district court's

determination at trial that Fuji's trademarked product features are functional. "In general terms, a product feature is functional if it is essential to the use or purpose of the article or if it affects the cost or quality of the article." *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 851 n. 10 (1982). *TrafFix*, 532 U.S. at 35. A design is also functional where, without its use, " 'competitors [are] at a significant non-reputation-related disadvantage.' " *Id.* at 32 (quoting *Qualitex*, 514 U.S. at 165). "Where the design is functional under the *Inwood* formulation there is no need to proceed further to consider if there is a competitive necessity for the feature." *Id.* at 33. The Federal Circuit maintains a helpful doctrine of de jure versus de facto functionality:

> Our decisions distinguish de facto functional features, which may be entitled to trademark protection, from de jure functional features, which are not. "In essence, de facto functional means that the design of a product has a function, i.e., a bottle of any design holds fluid." De facto functionality does not necessarily defeat registrability. De jure functionality means that the product has a particular shape "because it works better in this shape."

Valu Eng'g, Inc. v. Rexnord Corp., 278 F.3d 1268, 1274 (Fed. Cir. 2002) (citations omitted); *see also Black & Decker, Inc. v. Hoover Serv. Ctr.*, 886 F.2d 1285, 1291 (Fed. Cir. 1989):

> To determine whether a particular product design is de jure functional, we have applied the " *Morton-Norwich* factors": (1) the existence of a utility patent disclosing the utilitarian advantages of the design; (2) advertising materials in which the originator of the design touts the design's utilitarian advantages; (3) the availability to competitors of functionally equivalent designs; and (4)

> facts indicating that the design results in a comparatively simple or cheap method of manufacturing the product.

Valu Eng'g, 278 F.3d at 1274 (citing *In re Morton-Norwich Prods., Inc.*, 671 F.2d 1332, 1340-41 (C.C.P.A. 1982)). The opinion of the district court considered various admitted evidence relating to all four of the *Morton-Norwich* factors. The district court, by considering the evidence it chose to consider, adopted this test.[1]

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[1] A similar test to the "because it works better" test, one of utilitarian advantage, is used in the Ninth Circuit. In *Disc Golf Association, Inc. v. Champion Discs, Inc.*, the court considered whether chains used to catch a frisbee for a product used in frisbee golf could be protected through trademark. 158 F.3d 1002 (1998). The design had previously been the subject of a utility patent. *Id.* at 1005. The *Disc Golf* court held that the chains in the product were functional and could not be part of a trademark:

> A product feature need only have some utilitarian advantage to be considered functional. This court has never held, as [the patent holder] suggests, that the product feature must provide *superior* utilitarian advantages. To the contrary, this court has suggested that "in order to establish nonfunctionality the party with the burden must demonstrate that the product feature serves no purpose other than identification." It is clear from [the patent] that the parabolic design improves "catchability" and the identification of caught discs. Those are utilitarian purposes.

Id. at 1007-08 (emphasis added).

First, we have already discussed that Fuji owned a utility patent that disclosed the advantage of its design. *See supra* Part III.A. Second, Fuji's advertising materials touted the functions of its design:

> These advertisements discuss the uniqueness of the design, materials they are made of, ring type, strength and flexibility. These advertisements usually show pictures of the guides to make customers aware of Fuji's unique designs.
>
> A Fuji flyer for the LV and SV line guides reflects these guides as having the "V for victory" frame design highlighting the large "V" in Victory and showing the curvature of the legs. This flyer also compares the LV and SV guides to the straight legged guides they replaced.

Fuji at 34 (citations omitted). This same material touts the new curved design over its straight-legged predecessors, commending its "super light, super fast, yet strong[,] no-welded one-piece frame construction." Prominent in the flyer is a notice of Fuji's '027 and '583 patents. Third, the proof indicates that custom rod builders consider the shape of line guides to be determined by their use and not "distinctive of Fuji line guides." For example, Joseph Meehan of Amtak testified that "[c]ustomer perception is [that] there are only certain designs for [use as] spinning guides, casting guides, and boat guides, alternative designs would not be acceptable." Testimony also revealed that there is a "widely held belief that all other leg shapes and designs are far inferior" to the designs at issue, and that these designs are "simply the design fishing enthusiasts will buy."

Lastly, the court concluded that "the use of curved legs impact[s] the cost of producing the line guide." *Fuji* at 62.

This statement is adequately supported by Fuji's own statements within its patents and trial testimony. Fuji's '027 and '684 patents claim the manufacture of a line guide from a single piece of sheet metal. *See* U.S. Patent 3,780,684 at 6:17-19; U.S. Patent 3,690,027 at 6:24. Each patent states in its specification that, "since the guide device can be manufactured requiring only a few process steps and has a relatively small number of parts, the device can be economically manufactured on a mass production scale." *Ibid.* When asked if "the shape of the legs of the guide can affect the manufacturing cost," Fuji's witness, Mitsuhiro Goto, answered "yes."

Functional designs like Fuji's line guides are available for copying by the public. "The Supreme Court in *TrafFix Devices* made clear that if a particular design is functional, other producers do not have 'to adopt a different design simply to avoid copying it.' " *Antioch Co. v. W. Trimming Corp.*, 347 F.3d 150, 159 (6th Cir. 2003).

> "[C]opying is not always discouraged or disfavored" and can have "salutory effects." "[C]opying preserves competition, which keeps downward pressure on prices and encourages innovation." As the Supreme Court has advised, "[t]rade dress protection must subsist with the recognition that in many instances there is no prohibition against copying goods and products." Unless an intellectual property right protects a product, "competitors are free to copy at will."

Id. at 160 (citations omitted). "[T]rademark law cannot properly make an 'end run' around the strict requirements of utility patent law by giving equivalent rights to exclude." *Valu Eng'g*, 278 F.3d at 1273 (citing 1 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 7:64, 7-147 (4th ed. 2001)).

In *Bonito Boats,* the Supreme Court considered the effect of state laws that granted protection similar to that granted by a patent and held that those state laws were in tension with the federal scheme and must yield.

> The offer of federal protection from competitive exploitation of intellectual property would be rendered meaningless in a world where substantially similar state law protections were readily available. To a limited extent, the federal patent laws must determine not only what is protected, but also what is free for all to use.

489 U.S. at 151. This logic is equally applicable with regard to trademark as the Supreme Court taught in *TrafFix.*

D

Fuji argues that the district court erred when it considered the utility patents as evidence of design functionality without first determining whether Fuji's trademarked product configuration was claimed in any of the patents. Br. of Appellant at 1. Fuji dissects the language of its patents in an attempt to distinguish its claims from similar features in its trademarks. In light of *TrafFix,* we find these arguments unconvincing.

TrafFix presented a case with facts parallel to the case at bar. The holder of an expired patent sought to enjoin a competitor from using the disclosed design by claiming that it was its trademark-protected trade dress. The Supreme Court held that the holder of an expired patent "cannot claim trade dress protection where it 'in essence seeks protection for the [functional] design alone.' " *Mktg. Displays, Inc. v. Traffix*

Devices, Inc., 11 Fed. App'x. 547 (6th Cir. 2001) (per curiam) (quoting *TrafFix*, 532 U.S. at 34).

> A prior patent, we conclude, has vital significance in resolving the trade dress claim. A utility patent is strong evidence that the features therein claimed are functional. If trade dress protection is sought for those features the strong evidence of functionality based on the previous patent adds great weight to the statutory presumption that features are deemed functional until proved otherwise by the party seeking trade dress protection. Where the expired patent claimed the features in question, one who seeks to establish trade dress protection must carry the heavy burden of showing that the feature is not functional, for instance by showing that it is merely an ornamental, incidental, or arbitrary aspect of the device.

532 U.S. at 29-30.

The district court weighed the evidence at trial and concluded that the product designs were functional. Fuji attempted to show that its trademarked legs' shape was "ornamental, incidental, or arbitrary." Mr. Goto testified for Fuji that the trademarked curves "were selected based on aesthetics or an ornamental design," and that "no calculations were conducted regarding the strength" of the legs. Mr. Yamamoto also opined for Fuji that "we did not calculate the strength," the selection criteria was "Mr. Ohmura's preference." In contrast, however, Fuji's own marketing materials claimed that its patented designs were light, strong, shock-absorbent, and flexible. Given the plain language of *TrafFix*, we cannot say that it was error for the district court to give more weight to the utility patents and Fuji's admissions than to its witnesses, including the experts, on the issue of functionality. The district

court's weighing of the evidence is plausible. Even "had [we] been sitting as the trier of fact, [and] would have weighed the evidence differently," "[w]here there are two permissible views of the evidence, the factfinder's choice between them cannot be clearly erroneous." *Anderson,* 470 U.S. at 574.

To surmount this finding, Fuji argues that the district court did not put enough weight on the Supreme Court's direction that the features must be "claimed" in the utility patent. Fuji maintains that the curvature of the legs in the trademarked designs is outside the scope of its patents. This argument, as a legal argument, is well-taken. However, in this instance, Fuji's reliance upon it is unavailing because the design departure in this case is too slight not to be included by the claims of the utility patents at issue.

The Court in *TrafFix* addressed a similar question. It considered two different designs for a wind-proof sign based upon the double-spring design contained in plaintiff MDI's expired patents. 532 U.S. at 30. In the patented design, the springs were "well apart (at either end of a frame for holding a rectangular sign when one full side is the base)," while in the allegedly infringing design, the springs were close together. *Ibid.* To resolve this difference, the Court looked to evidence from a previous patent infringement lawsuit that MDI had prosecuted against a different competing manufacturer of wind-proof signs with a similar "close together" spring design. In that case, the "stand was found to infringe the patents under the doctrine of equivalents, which allows a finding of patent infringement even when the accused product does not fall within the literal terms of the claims." *Id.* at 31. The Court then concluded that, "In light of this past ruling-a ruling procured at MDI's own insistence-it must be concluded the products here at issue would have been covered by the claims of the expired patents." *Ibid.*

The *TrafFix* Court anticipated the situation where the "heavy burden of showing that the feature is not functional" might not apply because the expired patent did not literally "claim[ ] the features in question." *Id.* at 30.

> In a case where a manufacturer seeks to protect arbitrary, incidental, or ornamental aspects of features of a product found in the patent claims, such as arbitrary curves in the legs or an ornamental pattern painted on the springs, a different result might obtain. There the manufacturer could perhaps prove that those aspects do not serve a purpose within the terms of the utility patent. The inquiry into whether such features, asserted to be trade dress, are functional by reason of their inclusion in the claims of an expired utility patent could be aided by going beyond the claims and examining the patent and its prosecution history to see if the feature in question is shown as a useful part of the invention.

Id. at 34. This raises two questions. First, did Fuji's patents actually claim the features in question, and two, despite Fuji's literal claims, would their patents still have covered the designs at issue here?

To determine if a patent has been infringed, a court must conduct two separate inquiries. *Anchor Wall Sys., Inc. v. Rockwood Retaining Walls, Inc.*, 340 F.3d 1298, 1306 (Fed. Cir. 2003). First, claim construction, "determining the meaning and scope of the patent claims asserted," is a question of law that is reviewed de novo. *Ibid.; Boss Control, Inc. v. Bombardier Inc.*, 410 F.3d 1372, 1376 (Fed. Cir. 2005). Second, infringement, "whether literal or under the doctrine of equivalents," that is, "comparing the properly construed claims to the device accused of infringing," is a question of fact. *Ibid.*

See also Amazon.com, Inc. v. Barnesandnoble.com, Inc., 239 F.3d 1343, 1351 (Fed. Cir. 2001).

> Literal infringement is narrow, restricted to the literal claims of a patent. However, because
>
> > patent claims must protect the inventor not only from those who produce devices falling within the literal claims of the patent but also from copyists who "make unimportant and insubstantial changes and substitutions in the patent which, though adding nothing, would be enough to take the copied matter outside the claim, and hence outside the reach of law,"

"[t]he scope of a patent is not limited to its literal terms but instead embraces all equivalents to the claims described." *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722, 732-33 (2002). In a simple device like a line guide, where the few functional parts can be slightly relocated or altered in shape, the doctrine of equivalents is easily applied to recognize infringement in a wider variety of duplicates. In determining infringement under the doctrine of equivalents, the operative question is: "Does the accused product or process contain elements identical or equivalent to each claimed element of the patented invention?" *Warner-Jenkinson Co., Inc. v. Hilton Davis Chem. Co.*, 520 U.S. 17, 39-40 (1997). Relevant to this inquiry is "whether the missing element in the accused device 'performs substantially the same function in substantially the same way to obtain the same result.' " *Eagle Comtronics, Inc. v. Arrow Comm. Labs., Inc.*, 305 F.3d 1303, 1315 (Fed. Cir. 2002) (citations omitted). *See Warner-Jenkinson*, 520 U.S. at 40.

If the N and LR guides are held to be literal embodiments of the Fuji '027 and '504 patents, the SV and LV

guides can be seen as equivalents under the doctrine of equivalents.[2] The SV design differs from the '027 patent in a minimal way; the attachment point of the dual legs is moved from the midline of the ring (its equator, so to speak) to a point nearer the bottom of the ring (in its southern hemisphere). Nothing is otherwise changed. Each element still "performs substantially the same function in substantially the same way to obtain the same result." The LV design is a closer case because it is missing a rear leg. However, as a device to assist the finding of functionality, it is clear that, given the purpose of the device disclosed in the '027 patent, the patent evidence increases the likelihood of finding that the LV design is also functional.

This likelihood is increased when it is noted that a patent's claims should be considered in light of the other, "intrinsic," evidence inside the patent, including the illustrations and specification. *See Phillips v. AWH Corp.*, 415 F.3d 1303, 1319 (Fed. Cir. 2005). "While the claims of a patent limit the invention, and specifications cannot be utilized

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[2] Fuji's threatened actions against its competitors for patent infringement are solidly documented in this record. *See* JA 1898-2078. Between 1982 and 1989, Fuji threatened legal action against any "manufacturers, importers, and/or distributors that show any fishing rods having the infringing line guides at [trade shows]" in the United States. *Ibid.* Unfortunately, these designs are not disclosed on the record. Where an inventor has enforced its patent rights against a competitor in the past and subsequently seeks to enforce a trademark right against similar infringing products, it would not be unreasonable for a court to estop the trademark holder from claiming that the previously patented designs are not now functional in a trademark context.

to expand the patent monopoly, it is fundamental that claims are to be construed in the light of the specifications and both are to be read with a view to ascertaining the invention." *United States v. Adams*, 383 U.S. 39, 48-49 (1966). "Similarly, the mere fact that the patent drawings depict a particular embodiment of the patent does not operate to limit the claims to that specific configuration." *Id.* at 1306-07 (citation omitted).

> The '027 patent, in its specification, states:
>
> > Although one preferred embodiment of the present invention has been described and shown herein, it is to be understood that the same is illustrative in nature and not to necessarily [sic] limiting upon the scope of the teaching in its broader aspect. Many additional variations within the scope of the appended claims will occur to those skilled in the art.

Integral Guide Device for Fishing Lines, U.S. Patent No. 3,690,027 at 6:20 (filed Dec. 10, 1970) (issued Sept. 12, 1972). *See also* U.S. Patent No. 3,780,684 (issued Dec. 25, 1973). This language makes it more likely that the LV and SV models are equivalent embodiments of the patent and therefore functional designs.

Fuji argues that we must remand this case to the district court so that court can conduct a claim construction analysis in the first instance before we can evaluate the patents under the doctrine of equivalents. This argument fails, not because it is an incorrect statement of the law regarding infringement, but because the district court was never charged with determining the validity of the patents. Rather, it was evaluating and weighing the patent as evidence of functionality. *See Applied Med. Res. Corp. v. U.S. Surgical Corp.*, 448 F.3d 1324, 1332

(Fed. Cir. 2006). The patents in this case were probative evidence, *see* Fed. R. Evid. 401, and the district court, as the trier of fact, could credit or discount the patent evidence by considering the likelihood that various features of the trademarked designs were claimed in any of the patents. Accordingly, we affirm the district court's use of Fuji's patents in its functionality analysis and hold that an evaluation under the doctrine of equivalents is appropriate in the course of this kind of factual finding.

We conclude, in light of the applicable law, that the district court's determination that Fuji's registered and claimed trademarks in its previously patented designs were functional was not clearly erroneous. The court's investigation was properly illuminated by the language of the patents, consideration of the doctrine of equivalents, and witness testimony-in short all the evidence considered during the trial.

IV

Therefore, for all the reasons stated above, we **AFFIRM** the decision of the district court.

IN THE UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF TENNESSEE
NASHVILLE DIVISION

FUJI KOGYO COMPANY, LTD.,	)	
	)	
Plaintiff,	)	
	)	
v.	)	NO. 3:02-00042
	)	JUDGE HAYNES
PACIFIC BAY INTERNATIONAL, INC., BATSON ENTERPRISES, INC.,	)	
	)	
and	)	
	)	
AMTAK LIMITED,	)	
	)	
Defendants.	)	

MEMORANDUM

Fuji Kogyo Company, Ltd. ("Fuji"), a Japanese firm, filed this action for counterfeiting, infringement and unfair competition under the Lanham Act, 15 U.S.C. §§ 1051 et seq., and Tennessee trademark and common law against the Defendants: Pacific Bay International, Inc. ("Pacific Bay"), Batson Enterprises, Inc. ("Batson"), and Amtak Limited ("Amtak"). Fuji's claims arise from allegations that the Defendants sold and are selling fishing line guides that are copies or substantially similar to four of Fuji's line guides: Fuji's model LV, SV, and N line guides, for which Fuji has federally registered trademarks; and Fuji's model LR line guide, for which Fuji asserts a distinctive trade dress. Fuji's claims are for violations of 15 U.S.C. §§ 1114 and 1125(a).

Additionally, Fuji asserts a separate claim for counterfeiting under 15 U.S.C. § 1116(d) against Defendant Amtak for Amtak's use of Fuji's "HARDLOY" mark. This Court has subject matter jurisdiction over Fuji's Lanham Act claims under 15 U.S.C. § 1121(a) and 28 U.S.C. § 1331 and § 1338(a), as well as supplemental jurisdiction under 28 U.S.C. § 1367 for Fuji's related state law claims.

The Defendants are wholesalers and distributors who resell substantially similar or copies of Fuji's line guides at issue to others in the fishing rod market. Aside from their general denials, Defendants assert counterclaims seeking cancellation of Fuji's registered marks, and affirmative defenses on the validity of Fuji's trademarks contending, in essence: (1) that Fuji's trademarks are the subjects of expired patents whose designs are now in the public domain; (2) that Fuji committed fraud in obtaining its trademark registrations; (3) that the leg and frame configurations for Fuji's trademarks are functional; (4) that the leg and frame configurations of Fuji's line guides have not acquired secondary meaning due to other sellers' extensive prior sales of similar line guide configurations; (5) that relevant consumers do not view these leg and frame configurations as indicating a source; and (6) that Fuji's claims are barred by the doctrines of abandonment, laches, estoppel, mutilation and/or acquiescence. In sum, Defendants assert that the leg and frame configuration of these line guides do not cause any likelihood of confusion about these products in the market place and that their sales of copy guides constitute a fair use. With regard to Fuji's counterfeiting claims, Amtak asserts that its use of Fuji's "HARDLOY" mark was unintentional and the nominative use defense applies to bar any relief.

In response to Defendants' counterclaims and defenses, Fuji disputes the Defendants' factual assertions about the

market and submits that Pacific Bay's counterclaims on the validity of Fuji's trademarks are barred because Pacific Bay abandoned its opposition to similar challenges to these marks in administrative proceedings before the Patent and Trademark Office ("PTO"). Fuji contends that Pacific Bay is precluded, by the doctrine of claim preclusion, from relitigating any validity issues that were and could have been raised in the opposition proceedings before the PTO.

After the completion of discovery, this Court held a bench trial from September 23, 2003 to October 2, 2003. Pursuant to Rule 52(a) of the Federal Rules of Civil Procedure, set forth below are the Court's findings of fact and conclusions of law.

A. FINDINGS OF FACT

1. The Parties

Ryuichi Ohmura, Fuji's founder, started the company in 1945 as a small manufacturing business with approximately ten employees producing various fishing products. Fuji started manufacturing fishing tackle in 1960. Fuji now manufactures more than 20,000 fishing tackle products, including line guides. Among these fishing line guides are the four models at issue – the LF, SV, N, and R line guides – each featuring curved legs and can be used on different rods and for different types of fishing. Fuji's line guides are considered the industry standard. In 1993, a prominent Japanese business newspaper, referred to Fuji as the "greatest global-scale small company in the world."

Fuji sells its fishing tackle products to Onishi Corporation, a Japanese trading company, that is Fuji's exclusive trading company for sales to the United States

market. For the last ten years, Onishi resells to Anglers Resources, Fuji's exclusive distributor within the United States. Prior to Anglers Resources, Anglers World distributed Fuji's products in the United States from 1994 to 2001. Lew Childre was Fuji's distributor in the United States from 1989 to 1994. Carl Haber, Anglers Resources' current president, worked for Lew Childre and Anglers World and has been involved in the sales of the Fuji line guides at issue since 1976.

Anglers Resources sells and promotes the four Fuji line guides at issue to distributors, wholesalers, mass merchants, catalog houses, multi-chain stores, retailers and rod manufacturers who purchase the line guides for use in manufacturing rods. Anglers Resources obtains orders for the four Fuji line guides at issue from manufacturers' representatives or directly from the customers, including custom rod builders and hobbyists. Anglers Resources competes with Pacific Bay, Batson Enterprises and Amtak, among others, for these sales.

Pacific Bay is an importer and wholesaler of fishing tackle products and is located in Sequim, Washington. Incorporated in 1982, Pacific Bay distributes and widely markets line guides that are similar to or copies of Fuji's line guides at issue. (Defendants' Exhibit No. 36). Pacific Bay Fishing Tackle, Inc. ("PBFT") had been a wholesaler and distributor of line guides from August 30, 1991 until the company dissolved on December 30, 1998. (Defendants' Exhibit No. 37). Pacific Bay purchased the PBFT's assets, including its good will, trade names and trademarks, business records, inventory and other intangible assets in 1997.

Pacific Bay does not the manufacture line guides it sells. Rather, Pacific Bay purchases its products from Asian line guide suppliers and Caxin, a Chinese based company.

Pacific Bay resells these line guides in the United States to commercial manufacturers and fishing rod builders. Pacific Bay sells lines guides that are copies of or substantially similar to Fuji's line guides at issue. Pacific Bay has continuously sold the line guides at issue since 1997, and sold them prior to 1997. Pacific Bay has never had more than thirty employees.

Batson is a wholesaler and distributor of fishing tackle products, including line guides and is also located in Sequim, Washington. Batson was started in March 2000 by Robert Batson, who served as its president, and Connie Batson, his wife, as its secretary. After Robert Batson died in May 2003, Connie Batson and William Batson, Batson's son, continued the business. Prior to starting this company, Robert Batson worked for Pacific Bay and its predecessors, as well as Sabre Fishing Rods as national sales manager and production manager.

Batson's supplier of fishing line guides is San Fu Fishing Tackle ("San Fu"). Batson purchases San Fu's "off the shelf" products, including line guides that are copies of or substantially similar to Fuji's line guides at issue. Batson uses the trademark "FORECAST" for its fishing rod components, including line guides, rod tips, reel seats, and grips. Batson has openly marketed its products through its website, catalogs, brochures, price lists, and attendance at industry trade shows.

Amtak was started in 1985 by Joe Meehan, III, and Joe Meehan, Jr. Prior to Amtak, Joe Meehan, III worked for his father's business, Bay State Marketing. Amtak has been a wholesaler and distributor of finished fishing rods and tackle parts, including line guides. Since 1985, Amtak has sold fishing rods with line guides that are copies of or substantially similar to Fuji's line guides at issue. In the mid-1990's, Amtak switched to selling fishing rod components. Amtak purchases

its line guides from various East Asian manufacturers. For its purchases of guides, Amtak considers the quality of the guides, the electroplating of the guide, the machining of the feet, and the thickness of the guide frame.

As to the dispute in this action, Pacific Bay, Batson and Amtak sell guides having the same leg configurations as Fuji's LV, SV and N line guides that are registered marks. Defendants also sell line guides with a frame configuration the same as Fuji's LR guide, for which Fuji asserts its trade dress claim.[3] (Plaintiff's Exhibit Nos. 6-9).

2. The Product Market

In the contemporary fishing rod market, the core components of a modern fishing rod are the mechanical rod made of metal, glass, plastic or bamboo with a handle, reel seats, line guides, grips and a tiptop.[4] The position of the line guides along the rod blank is determined by the spacing at intervals along the rod blank. The distance from the rings to the rod blank is called the "stand off". The desired standoff distances can be established by using legs of various and different shapes. There is tension force on the fishing line when a fish opposes being caught and this force is transmitted to the rod blank by the line guides. A fish caught on a line will change direction and accelerate in different directions almost continually, requiring the line guides to be flexible and of sufficient strength to absorb these sudden changes in direction and application of force.

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[3] The Defendants also refer to these guides as 7A (LV), 7B (SV), 7C (N), and 7D (LR).

[4] See Norton Mfg. Corp. v. United States, 288 F. Supp 829, 833 (N.D. Ill. 1968) (quoting the Director of the American Fishing Tackle Manufactures' Association).

Line guides must exhibit great flexible strength, be as light as possible to provide optimum performance, and prevent line entanglement. A line guide exhibiting the greatest shock and torque resistance provides the best fishing performance. As noted by Fuji's distributor, "guides have become more than an integral part of a rod blank, they've become almost as one, by enhancing a rod[']s action." (Plaintiff's Exhibit No. 33 at 1506).

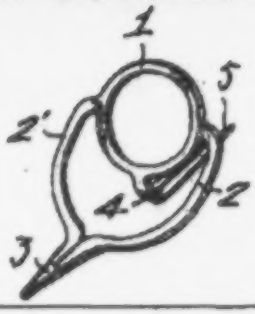
The fishing rod market includes high-end and low-end purchasers. Low-end purchasers are the casual fishermen/ fisherwomen who purchase primarily imported rods. The high-end market is comprised of custom rod builders and United States rod manufacturers for whom brand loyalty is very high. Custom rod builders consider the designs of line guides when selecting line guides. Fuji has approximately a fifty percent (50%) share of the fishing line guides market.

The four Fuji Kogyo line guide models LV, SV, N and LR line guides, have legs whose shapes have not been changed since they were first sold in the United States. Each of the four line guide models at issue can be used on different rods and for different types of fishing. Fuji's line guides at issue are considered the industry standard and are associated with particular fishing applications. When selecting line guides, customers consider guide shape in the context of how the guide is going to be used. Fuji's LV line guide is a spinning guide. Fuji's N line guide is a casting guide. Fuji's LR line guide is a boat guide.

3. Fuji's Patents

Since its early years, Fuji branded each of its line guides except for the very smallest guides. After a period of

time, Fuji found the market inundated with copies of its line guides and applied for patent rights in the United States for several of its products.[5] In 1972, Ryuichi Ohmura obtained a utility patent, United States patent number 3,690,027 (the "'027 utility patent"), an embodiment of which is shown below with its issuance and expiration dates:

3,690,027		Filed: 12/10/70 Issued: 09/12/72 Expired: 09/12/89

(Defendants' Exhibit No. 18).

The '027 utility patent described the scope of "What is claimed is" as follows:

> 1. An integral guide device for fishing lines comprising a flat ring; a pair of first legs extending downwardly from the opposite peripheral sides of said ring at a gentle slope with respect to the plane of said ring on one major side of the latter and converging toward their lower ends; a first foot contiguous to said lower ends of the first legs and lying at substantially right angles with respect to said plane of the ring; a second leg extending

[5] Fuji also applied for patents in foreign countries, but the Court ruled inadmissible evidence of Fuji's foreign patent and their related application papers. See Medtronic, Inc. v. Daig Corp., 789 F.2d 903, 907-08 (Fed. Cir. 1986). Yet, evidence of line guides manufactured in foreign countries, but sold in the United States is admissible.

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downwardly from the lower periphery of said ring at a substantially midpoint between said first legs at a gentle slope with respect to said plane of the ring on the opposite major side of the latter; and a second foot contiguous to the lower end of said second leg and lying at substantially right angles with respect to said plane of the ring.

2. An integral guide device for fishing lines as set forth in claim 1, in which said first and second feet lie in substantially the same plane on the opposite major sides of said ring.

3. An integral guide device for fishing lines as set forth in claim 1, in which said pair of first legs define a substantially V-shaped opening therebetween and merge at said converging lower ends so as to provide said first foot.

Id. at 227 (emphasis added).

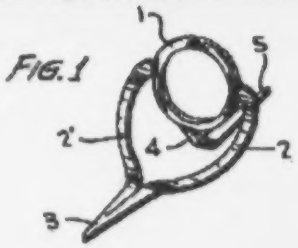
In the earlier section, entitled "Preferred Embodiment of the Invention", Fuji wrote that:

From the foregoing, it will be noted that according to the present invention an integral fishing line guide device can be manufactured in a quite simple manner without the necessity of welding, soldering, or the like of the component parts which inevitably applies heat on the parts thereby to eliminate the difficulties associated with the conventional fishing line guide devices such as annealing and/or weakening of the parts. In addition, since the guide device has the integral component parts as mentioned above, the devices has a rigid construction and there will be no possibility of separation and/or deformation of the parts. And since the guide device can be manufactured requiring only a few process steps

> and has a relatively small number of parts, the device can be economically manufactured on a mass production scale. Lastly, the guide device can be easily handled because the device is light in weight and has an aesthetic appearance.

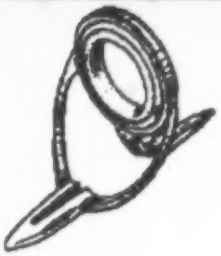
Id. (emphasis added).

In 1973, Ohmura obtained another utility patent, United States patent number 3,780,684 (the "'684 utility patent") that is shown below with its issuance and expiration dates:

3,780,684		Filed: 08/09/72 Issued: 12/25/73 Expired: 12/25/90

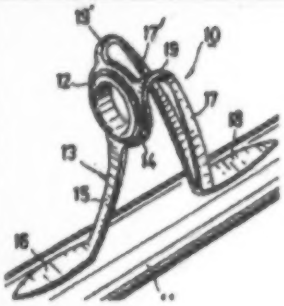
(Defendants' Exhibit No. 19). The '684 utility patent is described as a method patent for producing an integral device for fishing lines with a V-shape set of legs. Id. at 234-38.

In 1975, Ohmura obtained a design patent, United States design patent number 237,175 (the "'175 design patent"), that Ohmura assigned to Fuji. The '175 design patent is shown below with its issuance and expiration dates:

D237,175		Filed: 06/21/74 Issued: 10/14/75 Expired: 10/14/89

(Defendants' Exhibit No. 20). The "Claim" was described as: "The ornamental design for a guide."

In 1978, Fuji obtained another utility patent, U.S. Pat. No. 4,215,504 (the "'504 utility patent") that was granted to Ryuichi Ohmura, who assigned this patent to Fuji.

U.S. 4,215,504		Filed: 7/3/78 Issued: 8/5/80 Expired: 8/5/97

(Defendants' Exhibit No. 53).

In its description of "What is claimed is" for the '504 utility patent, Fuji stated the following:

1. A line guide for a fishing rod, comprising:
   (a) A guide ring defining a path for the line; and
   (b) A supporting frame including

(1) a jacketing ring mounting said guide ring therein, and

(2) a plurality of legs having feet structurally adapted to be secured to the rod, two of said legs diverging radially of the rod from a single one of said feet, and extending past opposite sides of the centerline of said guide ring for a radial distance that exceeds the distance between said single one of said feet and the part of the jacketing ring most remote from said single one of said feet, and thence downwardly radially to said jacketing ring and joined thereto.

2. A line guide according to claim 1, further one of said jacketing-ring-supporting legs having a slight convex curvature directed toward said two diverging legs.

3. A line guide according to claim 1, said two legs having a slight concave curvature directed toward said jacketing ring.

4. A line guide according to claim 3, a further one of said legs having a slight convex curvature directed toward said concave curvature.

Id. at 3 (emphasis added).

In 1979, Ohmura obtained utility patent No. 4,176,488 (the "'488 utility patent"). The 488 utility patent is shown below with its issuance and expiration dates:

U.S. 4,176,488		Filed: 10/28/77 Issued: 12/04/79 Expired: 12/04/96

(Defendants' Exhibit No. 52).

For its '488 utility patent, Fuji summarized its invention as follows:

> In general, a line guide ring has supporting legs protruding from both sides of a metallic guide ring; said legs being provided at their lower ends with horizontally extending fixed legs.
>
> Accordingly, even though a line guide ring of this type is formed of a sturdy material capable of landing a big fish, such a ring cannot withstand a force applied laterally; therefore, it is not employed. In order to overcome such a defect, some methods have been presented to attach the two fixed legs in the front and in the rear to each side of the fishing rod in such a way that the rod is sandwiched therebetween.
>
> These methods afford a somewhat improved strength counteracting a force applied laterally, but a reduced strength counteracting a force applied in the vertical direction.
>
> SUMMARY OF THE INVENTION
>
> The present invention relates to a line guide ring for fishing rods, more particularly to a line guide ring capable of withstanding a heavy load applied by way of a fishing line, and has for its object to overcome the aforesaid defect and thereby provide a strong resisting force with respect to a laterally applied force.

Id. at 4 (emphasis added).

Fuji's design patent number 256,714 (the "'714 design patent") was obtained by Omhura in 1980 and Ohmura assigned this patent to Fuji.

D256,714		Filed: 03/08/78 Issued: 09/02/80 Expired: 09/02/94

(Defendants' Exhibit 21). The initial page for this patent refers to its "Claim" as "The ornamental design for a fishing rod, as shown." Id.

In 1981, Ohmura obtained a second design patent number 261,918 (the "'918 design patent"), that is the line guide shown below with its issuance and expiration dates:

D261,918		Filed: 10/10/79 Issued: 11/17/81 Expired: 11/17/95

(Plaintiff's Exhibit No. 66). The initial page for this patent refers to its "Claim" as "The ornamental design for a fishing rod, as shown." Id.

In 1981, Ohmura obtained another United States design patent number 261,919 (the "'919 design patent"), that is for the line guide shown below:

D261,919		Filed: 10/10/79 Issued: 11/17/81 Expired: 11/17/95

(Plaintiff's Exhibit No. 67). The "Claim" for this patent refers to "The ornamental design for the line guide for fishing rod, as shown." Id.

In 1983, Ohmura obtained design patent U.S. number 271,127 (the "'127 design patent") that Ohmura assigned to Fuji, and is shown below:

D271,127		Filed: 07/01/81 Issued: 10/25/83 Expired: 10/25/97

(Defendants' Exhibit No. 17). The "Claim" for this patent refers to "The ornamental design for the line guide for fishing rod, as shown." Id.

In a 1998 patent application, Fuji explained the importance of the features and structure of a line guide, including avoidance of "line entanglement":

1.

LINE GUIDE FOR A FISHING ROD

BACKGROUND OF THE INVENTION

The present invention relates to a line guide for a fishing rod, and more particularly to a line guide ring mounted externally on a fishing rod for introducing a fishing line drawn out from a reel.

Today, in general, a line guide mounted externally on a fishing rod includes a hard guide ring, a frame portion for supporting the guide ring, and a fishing rod mounting portion. In order to smoothly introduce the fishing line that has been drawn out from the reel, the guide ring is formed to a true circle in cross section and provided in an upright portion relative to an axial direction of the fishing rod.

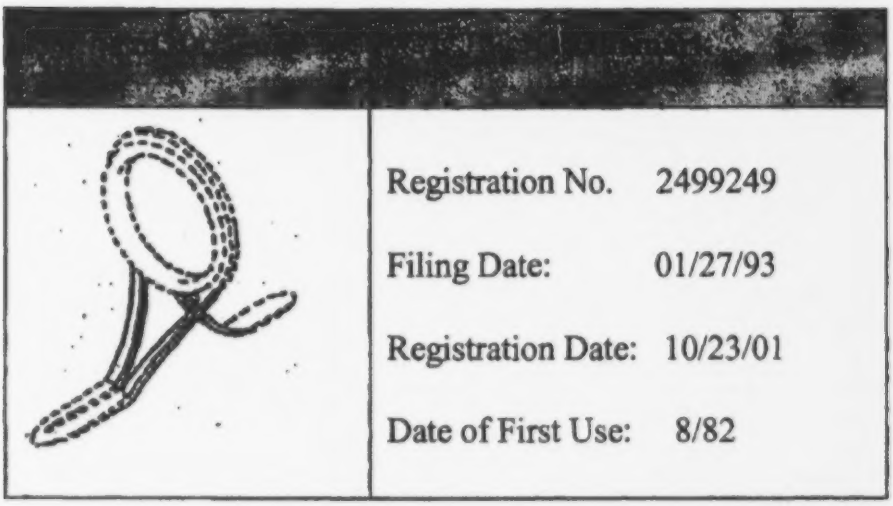
There are many performances required for such a type line guide ring. For example, it should be light in weight, high in mechanical strength, easy to be free from the line entanglement, and the guide ring should firmly be retained, and so on.

Among these performances, it is important that the line entanglement is readily be coped with. There have been many attempts therefor. As one of these attempts, there is such an approach that a bridge is provided to extend downwardly from an upper portion or an intermediate portion of a frame portion in a butt direction, and the fishing line that has been entangled around the line guide ring is caused to slide by the bridge.

(Defendants' Exhibit No. 54 at 7) (emphasis added).

4. Fuji's Trademarks

Fuji considered the legs of its "LV", "SV" and "N" line guides to be unique. After consulting with counsel, in 1993 Fuji filed its applications for its '249, '250 and '505 trademarks. The "LV", "SV" and "N" line guides as well as the "LR" line guides were designed by Ryuichi Ohmura, Fuji's chairman, and Junya Oishi, its former patent manager. Of its three registered marks, Fuji's Registration No. 2,499,249 (the "'249 trademark") for its SV line guide, covers the configuration of the legs of a line guide as depicted below:

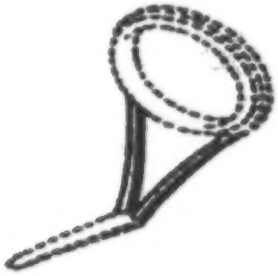


(Plaintiff's Exhibit No. 1). The trademark description reads as follows: "The configuration of the mark is a pair of converging legs extending downward from space-apart points on the periphery of a guide ring. The legs are partially twisted and essentially form a V-shaped configuration, and a third leg extends down and to the rear." Id.

This design of the legs in the '249 trademark is reflected in the '127 design patent as shown below:

TRADEMARK IMAGE/DATA		PAT. IMAGE/DATA	
	S/N 74352799 Reg. No. 24992490 Filing Date: 01/27/93 Reg. Date: 10/23/01 Date of First Use: 08/82		U.S. Design Pat. No.:271,127 Filed: 07/01/81 Issued: 10/25/83 Expired: 10/25/97

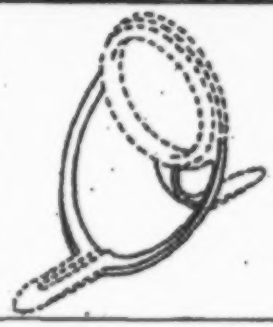
On October 23, 2001, Ohmura obtained another trademark, Registration No. 2,499,250 (the "'250 trademark") for its LV line guide , that covers the configuration of the legs that is depicted below:



(Plaintiff's Exhibit No. 19). The '250 trademark is derived from Fuji's '981 design patent, as reflected below:

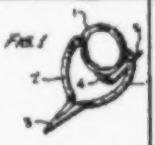
Trademark Image/Data		Pat. Image/Data	
	Complaint ¶ 7A S/N: 74353088 Reg. No.: 2499250 Filing Date: 01/27/93 Reg. Date: 10/23/01 Date of First Use: 08/77		U.S. Design Pat. No.:261,918 Filed: 10/10/79 Issued: 11/17/81 Expired: 11/17/95
			U.S. Design Pat. No.:261,919 Filed: 10/10/79 Issued: 11/17/81 Expired: 11/17/95

On April 9, 2002, Fuji obtained Registration No. 2,557,505 (the "'505 trademark") that is shown below:

	Registration No. 2557505 Filing Date: 01/27/93 Registration Date: 04/9/02 Date of First Use: 8/77

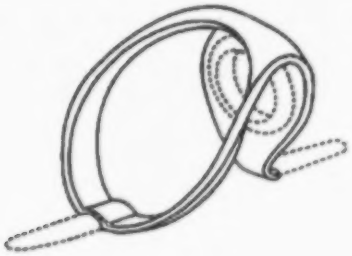
(Plaintiff's Exhibit No. 18). The trademark description for this design reads as follows: "The configuration of the mark is a set of three legs extending down from a guide ring, two of the legs extending from approximately opposite points on the ring and being bowed to extend down and forward to meet, the third leg extending from the bottom of the ring downward and curving to the rear." (Defendants' Exhibit No. 6). This configuration is referred to as Fuji's N line guides.

The design of the legs reflected in the trademark is similar to the design of the legs in Fuji's '027 utility patent, as shown below:

	S/N: 74352813 Reg. No.: 2557505 Filing Date: 01/27/93 Reg. Date: 04/09/02 Date of First Use: 08/77		U.S. Utility Pat. No. 3,690,027 Filed: 12/10/70 Issued: 09/12/72 Expired: 09/12/89
			U.S. Utility Pat. No. 3,780,684 Filed: 08/09/72 Issued: 12/25/73 Expired: 12/25/90
			Filed: 06/21/74 Issued: 10/14/75 Expired: 10/14/89

The '488, '027 and '504 utility patents as well as the '175 design patent were specifically referenced in Fuji's advertising for the N and LR line guides, among others. (Plaintiff's Exhibit No. 185 at 2162).

For its trade dress claim for which Fuji lacks registration, Fuji identifies its LR line guide that is shown below:



(Plaintiff's Exhibit No. 20).

Fuji's LV line guides have been marketed in the United States for over two decades. In advertising the LV design, from at least 1982 through the 2002 catalog, Fuji warned potential customers that the LV design was the subject of patents, including a "Patented V-Frame Design." See, e.g., Plaintiff's Exhibit No. 182 at 351021; Plaintiff's Exhibit No. 34 at 1245; Defendants' Exhibit No. 69 at 352933. Some advertising and communications for the LV line guide refers to a "#LVSG pat." without identifying the specific patent. (Plaintiff's Exhibit No. 182 at 351034). Fuji sent letters to manufacturers and distributors of guides with designs substantially similar to the LV design in which Fuji claimed the recipients were infringing the patented design of LV. (Defendants' Exhibit No. 203 at Response 13).

In both advertising and in letters to competitors and distributors regarding the LV design, Fuji cited patents other than the '918 and '919 patents as relevant to that design. For example, in advertising the LV line guide, Fuji alerted potential customers that the LV line guide was covered by United States patent number 3,690,027 (the "'027 patent"), a United States utility patent that had been awarded to Fuji for a line guide with curved legs substantially similar to Fuji's N line guide. (Defendants' Exhibit No. 18; Plaintiff's Exhibit No. 182 at 351021).

Fuji Registration No. 1,443,388 (the "'388 registration") for its "HARDLOY" mark, is an incontestable mark under 15 U.S.C. §§ 1065 and 115(b).

5. The Fuji Trademark Proceeding

Fuji provided the PTO with information on Fuji's use of these marks and their history, including specimens of the

marks. Fuji also submitted photographs of these line guides. (Defendants' Exhibit No. 1 at P000388-99; Defendants' Exhibit No. 3 at P000240-50; Defendants' Exhibit No. 5 at P000031-41).

The PTO initially declined registration, but requested additional information and Fuji provided information about the ultimate consumers of Fuji's products, i.e., identifying rod manufacturers, hobbyists and custom rod builders as the ultimate consumers. (Defendants' Exhibit No. 1 at P000375-86; Defendants' Exhibit No. 3 at P000224-38; Defendants' Exhibit No. 5 at P000019-29). Thereafter, the PTO requested additional evidence of distinctiveness, including sales and advertising information and Fuji gave written responses. (Defendants' Exhibit No. 1 at P00037-374; Defendants' Exhibit No. 3 at P000202-23; Defendants' Exhibit No. 5 at P000019-22).

The PTO next requested patent information and inquired whether each configuration provided a competitive advantage. (Defendants' Exhibit No. 1 at P000369-70; Defendants' Exhibit No. 3 at P000200-01; Defendants' Exhibit No. 5 at P000017-18). Fuji provided its patents for the line guides, including its design and utility patents. Defendants' Exhibit No. 1 at P000360-66; Defendants' Exhibit No. 3 at P000190-97; Defendants' Exhibit 5 at P000007-16).

Thereafter, Fuji submitted a Section 2(f) Statement of Distinctiveness for each application asserting that each mark "has become distinctive of Applicant's goods . . . through applicant's substantially exclusive and continuous use in commerce for at least the five years immediately before the date of this statement." (Defendants' Exhibit No. 1 at P000356-58; Defendants' Exhibit No. 3 at P000187-89; Defendants' Exhibit No. 5 at P000004-06). In this statement,

Ryuichi Ohmura, declared as Fuji's president that the above-identified marks have become distinctive of the applicant's goods, line guides for fishing rods, through the applicant's substantially exclusive and continuous use in commerce for at least the five years immediately before the date of this statement.

In addition, Fuji filed declarations by various customers and other individuals with its applications. (Plaintiff's Exhibit No. 414 at P000254-92).[6] Each declarant cited his or her experience in the fishing rod industry and familiarity with major brands of line guides, and stated in pertinent part as follows:

- The Fuji guides shown in the drawing shown below . . . is a non-conventional guide, has a unique configuration, is easily recognizable, and is readily distinguished from other brand (sic) of guide with which I am familiar.

- Upon first viewing the Fuji guide, it appeared to me as dissimilar to any other guides on the market; its unusual shape was uncommon amongst the various guides know to me.

- I am always able to recognize the Fuji guide upon sight because of its uncommon appearance.

(Id.; Defendants' Exhibit No. 1 at P000403-41; Defendants' Exhibit No. 3 at P000254-92; Defendants' Exhibit No. 5 at P000045-85).

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[6] Given that the Defendants raise issues about the PTO proceedings, the Court admits these declarations over Defendants' objections.

These declarants also identified other manufacturers of line guides, including Pacific Bay, Amtak, Allen Manufacturing and Perfection Tip, among others. Despite their knowledge of other line guides, the declarants asserted that Fuji's guides were unique. (Plaintiff's Exhibit No. 414 at P000254-92; Defendants' Exhibit No. 1 at P000403-41; Defendants' Exhibit No. 3 at P000254-92; Defendants' Exhibit No. 5 at P000045-85). Fuji also submitted, "sample catalogs from competitors showing guides representative of those found on the market." These catalogs included Perfection Tips' catalogs from 1976 and 1982. (Plaintiff's Exhibit No. 414 at P000292-323).

The PTO gave its initial approval, and published Fuji's applications for any opposition.

Two companies, the Berkley Company[7] and PBFT, opposed Fuji's applications in 1995. PBFT alleged that Fuji's proposed marks were invalid, non-distinctive, functional and non-conventional based upon the prior extensive sales of similar guides, and that Fuji's applications were based on fraud and "mutilated" marks. (Plaintiff's Exhibit Nos. 388, 390, 396 and 398). According to PBFT, Fuji's line guides at issue directly competed "head-to-head" in the marketplace with PBFT's line guides that, for years, were virtually identical in design, structure and appearance to Fuji's line guides. PBFT admitted its awareness of Fuji's use of similar line guides when it decided to market its line guides. (Plaintiff's Exhibit No. 12 at ¶ 11).

Fuji responded that these copy guides were not marked as to their source(s) of origins. Fuji did not know the manufacturers or sellers of those copy line guides. Fuji's

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[7] Fuji and Berkley later agreed to a dismissal of Berkley's opposition.

inquiries of rod manufacturers and retailers carrying the copy guides were often fruitless. When Fuji discovered a rod manufacturer using, or a retailer selling, copy guides at a trade show, Fuji discussed the matter with manufacturer or retailer and advised them in writing of Fuji's patents, including the design patents for its LV, SV, N and LR guides. Although Fuji asserted its design patents to be enforceable and advised companies of possible problems with the importation of infringing components or guides, or the display of components, Fuji did not assert patent infringement. (Defendants' Exhibit No. 127).[8] Companies receiving such letters expressed the belief that Fuji was mistaken because either the guide was not a Fuji guide or that there was not any infringement or further inquiries would be made about any infringement. In 1987, Pacific Bay received a such letter from Fuji. See Defendant's Exhibit No. 37.

From 1995 to 2001, PBFT[9] served discovery requests and notices to take depositions. During discovery in the PTO opposition proceeding, PBFT specifically inquired about Fuji's design and utility patents obtained for line guides with the same leg designs for which Fuji sought trade dress protection. (Defendants' Exhibit No. 198 at Requests 69-105). As noted, the PTO also requested Fuji to disclose its patents during the application process for each of the leg designs. (Defendants' Exhibit No. 1 at 369-70; Defendants' Exhibit No. 3 at 200-01; Defendants' Exhibit No. 5 at 17-18). In response to the PTO, Fuji stated that: "The mark is not the subject of a design or

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[8] This exhibit was provisionally admitted at trial. Upon the Court's review, the Court deems this exhibit admissible to the extent it demonstrate's Fuji's enforcement of its patent rights, as well as statements of its agents concerning such enforcement.

[9] During its opposition, PBFT sold its assets to Pacific Bay that continued the opposition.

utility patent. . . . The simple answer is, the instant trademark is ***not*** the subject of a design or utility patent." (Defendants' Exhibit No. 1 at 363; Defendants' Exhibit No. 3 at 194; Defendants' Exhibit No. 5 at p. 10-11) (emphasis in original).

In discovery, Fuji admitted that certain design patents included as features the leg designs for which it sought trade registration (Defendants' Exhibit No. 198 at Admissions 90-98, 103-05), and that the design patents are related to the product designs. (Defendants' Exhibit No. 203 at Response 18; Fuji's Response to Pacific Bay's Statement of Material Facts in Support of Motion for Summary Judgment filed Nov. 22, 2002 at Responses 17, 19, 21 and 23). As to utility patents, Fuji objected to providing any information and asserted such information was irrelevant to the issue of trade mark protection. (Defendants' Exhibit No. 198 at Requests 69-78; Defendants' Exhibit No. 1 at 369-70; Defendants' Exhibit No. 3 at 200-01; Defendants' Exhibit No. 5 at 17-18).

In the PTO proceedings, PFBT filed a motion for summary judgment that Fuji challenged before the Trademark Trial and Appeal Board ("TTAB"). Prior to the hearing, PBFT withdrew its opposition. (Plaintiff's Exhibit Nos. 400-02). The TTAB denied PBFT's motion for summary judgment. (Plaintiff's Exhibit No. 400; Defendants' Exhibit No. 185). The TTAB dismissed Pacific Bay's opposition with prejudice in August 2001, but did not make any findings of fact. (Plaintiff's Exhibit No. 384).

6. Functionality

The factual core of the functionality defense is that the legs of Fuji's four line guides perform functions that are essential to the operation of the fishing rod. Defendants argue that the curved legs also reflect an efficient manner of

production and without copying, the Defendants are placed at a competitive disadvantage. The TTAB did not make any findings on this issue. There is not any documentary evidence that at the time of their creations, Fuji performed any calculations for its line guides to determine the precise curvature of the legs from the point the legs attach the ring support to where they attach to the feet. Fuji insists that this curvature and these attachment points were selected based on aesthetics or ornamental design. The parties' proof on the functionality issue included lay and expert witnesses on as well as documentary evidence in Fuji's marketing materials.

a. Lay Witnesses

Fuji's lay witnesses' testimony was based on their experiences. Mitsuhiro Goto, Fuji's director of development and a member of Fuji's board of directors, has worked on line guide product development and quality control since 1978. Goto opined that Fuji's curved legs do not have any benefit to function. According to Goto, the strength of line guide legs is mainly determined by the material and the cross-section area. In Goto's view, if all of the other physical characteristics of the legs are the same, that is, if the legs are made of the same material and have the same cross-sectional area and shape, then straight legs are actually stronger than curved legs. In Goto's opinion, the use of a curved legged guide instead of a straight legged guide on a fishing rod does not affect the flexibility of the rod. The flexure of the legs of the guides is insignificant in comparison to the flexure of the rod during its use. (Plaintiff's Exhibit Nos. 328E and 417).

Katsuhira Yamamoto, a member of Fuji's development department, opined that based on his experience as a line guide developer, for a line guide, a straight leg is stronger than a curved leg. According to Yamamoto, the specific curvatures of

the legs of its N and LR line guides do not provide any strength or flexibility advantages. As to line slap, i.e., when a line "slaps" against the legs of a line guide or against the rod blank or when a fishing line becomes wrapped around a portion of the line guide, Yamamoto asserts that the occurrence of line slap depends on the type of fishing line, action of the rod blank, the number and location of line guides along the rod blank. These components can reduce the possibility of line slap. In his experience, straight legged line guides are not more prone to line slap that curved legged line guides, if all other physical characteristics are the same. To prevent line slap on the N and LR guides, Fuji increased the distance between the legs to be greater than the inner diameter of the rings. In Yamamoto's opinion, the curved legs of the N and LR guides do not reduce the risk of entanglement. Fuji could have designed any curved legs or straight legs, so that the distance between the legs was greater than the inner diameter of the ring. Yamamoto notes that Pacific Bay's S model guide that has two spaced front legs and two spaced back legs reduces risk of line entanglement more the Fuji's model N guide.

Fuji sells line guides with alternative designs, including Fuji's models SG, L, UN, N, LN, MN and LC that also have different leg shapes than models SV and N. (Plaintiff's Exhibit No. 35). Fuji's LB, N, MN, HN, LC, U, R, DB and WDB models have different leg shapes than Fuji's LR model.

In support of their functionality argument, Defendants note Ryiuchi Omhura's statements that moderately bent rear legs assist in directing forces away from the guide ring, and that twisting legs strengthen the guide frame and prevent the line from coiling about the guide, and direct the line toward the guide ring. (Defendants' Exhibit Nos. 52 and 53). Defendants cite Fuji's advertising as promoting the functional quality improvements in these line guides, e.g., "superlightedness and

strength," flexibility, reduced air resistance and reduced bulk. See, e.g., Plaintiff's Exhibit No. 182 at 351023. Fuji has advertised that its YFG guide is stronger than the LV and SV guides. (Defendants' Exhibit No. 100).

The Defendants' officials opined that legs on Fuji's line guides act as shock absorbers and reduce the occurrences of line entanglement than line guides with straight legs. See, e.g., Joseph Meehan, III testimony. Meehan, however, conceded that he was unaware of any advantages or disadvantages between V-shaped guides having straight legs versus curved legs. Meehan's new company, America Tackle Company, advertises alternatives line guides. (Plaintiff's Exhibit 549 at 56).

Pacific Bay offered proof that there was not any true alternative for the Fuji line guides. See, e.g., Darrin Heim testimony. In Defendants' view, for an alternative line guide to be truly comparable, the alternative line guide must meet the performance of Fuji's guides. Darrin Heim, Pacific Bay's western sales account manager, however, described alternative designs that compete with the four Pacific Bay line guides in this case. See, e.g., Plaintiff's Exhibit No. 532, Darrin Heim Deposition at 41-57).

There is proof that third party custom rod builders also believed that the concave V designs with curved legs were stronger and superior to straight leg versions of line guide designs. (Plaintiff's Exhibit No. 262 at 355422).

b. Expert Opinions - Functionality

i. Plaintiff's Expert

Dr. Robert B. Pond, Jr., the acting chair of the Engineering Science Department of Loyola College in Baltimore, Maryland, testified as Fuji's expert on functionality. Dr. Pond received a Bachelor of Engineering Science Degree in Mechanics from Johns Hopkins University in 1965, a Master of Science degree and a Ph.D. in Metallurgy and Material Science and Engineering from the University of Pennsylvania. Dr. Pond is also the President of a private consulting company, M-Structures Engineering, LLC, and has been the President of M-Structures Engineering and its predecessors since 1976. M-Structures consults and provides educational services on mechanics, materials and metallurgical engineering, including evaluating product designs, product performance capabilities and the causes of product failures. Dr. Pond has been a member of the adjunct faculty of the Johns Hopkins University since 1978, and the American Society for Materials International since 1986. For the latter, Dr. Pond taught mechanical testing, failure analysis and metallurgical engineering. Dr. Pond has been an associate research scientist for the Center for Non-Destructive Evaluation at the John Hopkins University since 1995.[10]

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[10] Dr. Pond's recent clients of M-Structures include NASA, the Nuclear Regulatory Commission, the U.S. Navy, the U.S. Army, the U.S. Cost Guard, the National Institute for Standards Technology, Baltimore Gas and Electric Co., Foster-Wheeler Corporation, ford Motor Company, Northrop Grumman Corporation, Grinnell Corporation, Rouse Corporation, Henny Penny Corporation, Sun Automation, Exelon Nuclear, Inc., Elgin Co., Pennsylvania Power & Light and others. Included in the services that Dr. Pond has provided to various of these organizations and manufacturing companies are

Dr. Pond tested Fuji's line guides at issue and comparable line guides with different leg configurations. Dr. Pond's testing was to ascertain whether the shapes of the legs of the Fuji line guides are essential to the use or the purpose of these line guides, or affect the cost or quality of these line guides. In sum, Dr. Pond opined that the design and shape of the legs of these Fuji line guides are neither essential to the use or purpose of the line guides nor affect the cost or quality of the line guides. Citing alternative designs of line guide legs that are not equivalent to the Fuji's line guide legs, Dr. Pond opined that it would cost approximately the same or less to manufacture those designs.

Dr. Pond manufactured line guides with straight supporting legs using substantially the same size material with a variation for Fuji's SV and LR line guides. The legged guides had the same thickness and lateral dimensions as the

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seminars on material aspects of manufacturing engineering, including failure analysis and metallurgy.

Dr. Pond has been on the adjunct faculty of the Society for Manufacturing Engineers since 1995. The Society for Manufacturing Engineers is an organization of companies and individual members dedicated to the advancement of technologies for manufacturing. Dr. Pond has taught courses for the Society's national symposiums, including numerous manufacturing courses concerned with the materials aspects of products. The course topics include manufacturing aspects of metallurgical engineering, heat treatment of products and failure analysis.

From 1981-94, Dr. Pond was the Principal Metallurgist of Baltimore Gand and Electric Company. During Dr. Pond's employment by Baltimore Gas and Electric, Dr. Pond investigated and reviewed more than 2500 materials, components, and product and system design problems and failure analyses.

legs of the SV and LR guides. Dr. Pond also obtained a previous Fuji line guide with straight legs. Dr. Pond measured the dimensional similarity between the curved leg configuration and the straight legs. (Plaintiff's Exhibit No. 331). The straight legged line guides were close to or lighter than the Fuji line guides, except for the BSPHG-20 line guide that is several tenths of a gram heavier than the current LVOG-20 line guide. The ring support of the BSPHG-20 line guide is more massive than the ring of LVOG-20 line guide. Id.

Dr. Pond subjected all of these line guides to the load-distortion tests and impact deformation test. Dr. Pond identified these tests as common tests for the strength and robustness of product designs or configurations, and the results of such tests are generally accepted as establishing the mechanical response of product designs or configurations.

The load-distortion tests applies either continuously hydraulic loads or static dead loads on each line guide. These tests determine the amount of distortion of the line guides under various applied forces or load conditions. The BSPHG-20 line guide deflected less and was stiffer than the LVOG-20 line guide. After loading to 8 kilograms, permanent deformation damage was less for the BSPHG-20 line guide - approximately 0.3 mm, compared to approximately 0.4 mm for the LVOG-20 line guide. (Plaintiff's Exhibit No. 332). Dr. Pond concluded that the straight legged BSPHG-20 line guide is stronger, stiffer and more resistant to damage than the LVOG-20 line guide. Id. Dr. Pond also concluded that the straight legged variant of the SV guide had substantially the same strength, stiffness and resistance to damage as the model SV line guides which were tested. (Plaintiff's Exhibit No. 333). Dr. Pond concluded that the model LR line guide and its straight legged variant had substantially the same strength,

stiffness and resistance to damage, independent of the variation in their shape. (Plaintiff's Exhibit No. 343).

The impact deflection test drops a steel weight through a guide tube onto various line guides from various heights. The steel weight strikes the tops of the lines guides, and any resulting distortion or permanent deformation of the line guides is measured. These tests showed that the BSPHG-20 line guide incurred less permanent deformation, and is thus stronger and more stiff, than the LVOG-20 line guide. Generally, an item with a stiffer response will deflect less for a given load, transmit loads more efficiently, and yield plastically deform at a higher critical load. (Plaintiff's Exhibit No. 345).

Based upon these tests, Dr. Pond opined that the straight leg variants are either stronger than or at least as strong as the corresponding Fuji curved leg designs. Dr. Pond further opined that the shape or form of the line guide legs is neither qualitatively nor quantitatively essential to the use and purpose of the line guides. In sum, Dr. Pond views alternative designs to be equivalent goods and perform with the same level of effectiveness. Dr. Pond also identified a number of curved leg configurations for fishing line guides that do not affect the functionality of the line guides. In this regard, various curved leg designs could be produced using the methods described in U.S. Patent Nos. 3,690,027 and 3,780,684.

Dr. Pond stated as to the relative costs to manufacture line guides with Fuji's trademarked legs in contrast to guides with straight legs, with the only difference being the leg configuration, that the cost to manufacture straight legs should be less. The shortest distance between two points being a straight line, less material is required for the straight leg. Second, less stock material should be used to manufacture the straight legged versions because the lateral dimensions of the

strip to contain curved leg versions should be wider than for comparable straight leg versions. Third, the legs of a straight leg line guide could be thinner than the legs of a curved leg line guide. Fourth, the manufacturing cost for the curved legs for would be more complex and more expensive than straight legged guides. Dr. Pond did not find any cost advantage in manufacturing Fuji's line guide leg nor any quality difference between the trademarked legs and straight legs on line guides. In Dr. Pond's view, the legs of the straight leg variants would not interfere with the passage of the fishing line through the rings of these guides.

The Defendants noted that Dr. Pond's opinions are based upon materials Fuji selected. Dr. Pond did not observe the manufacturing of the test guides nor test the materials for their metallurgical properties. Defendants cited several unexplained internal inconsistencies in Dr. Pond's load deflection tests. (Plaintiff's Exhibit No. 334). For example, Exhibit D-4 to Dr. Pond's report shows that, at a certain load, the straight-leg guide almost cease to bend. (Defendants' Exhibit No. 46, Skelton Report at 838-39). Dr. Pond failed to address the point at which the straight legs ceased to bend. In Defendants' expert's view, Dr. Pond's graph connected data points without performing a least squares analysis and omitted key data points. Id. at 840. When a least squares analysis of the data is performed and the missing data points were included, Defendants' expert's graph shows that, for almost all drop heights tested by Dr. Pond, the curved leg guide was more flexible than the straight leg guide. Id. at Exhibit E attached thereto.

In Defendants' critique, Exhibits D-7 through D-11 to Dr. Pond's report show that the legs of the straight-leg variant of Fuji's LR line guide created for testing by Fuji are noticeably thicker and wider in both the lateral and fore-and-aft

directions (and thus larger and heavier) than the comparable curved-leg guides. Id. at 834-35. In Defendants' expert's view, to mitigate the problem caused by replacing curved legs with straight, Fuji had to add metal to the top of the guide frame of the straight-leg variant. Id. at 835-36. In his view, both of these changes would make the guides heavier, bulkier, and more costly, and thus less desired by fishermen. Finally, as detailed below, Defendants' expert states that Fuji's line guide includes an optimum leg configuration for medium to heavy rods, and any alternative would produce a line guide with completely different performance characteristics. Id. at 837.

ii. Defendants' Expert

Dr. William H. Skelton, Jr., the Defendants expert, received a Bachelor of Science degree in ceramic engineering from the University of Texas at Austin, a Master of Science degree in metallurgical engineering from Washington University in St. Louis, Missouri, and a Ph.D. in ceramic engineering from Iowa State University. Dr. Skelton has more than forty years' experience in the fields of ceramic, metallurgical, and materials engineering, and was employed as a metallurgical engineer and metallurgy laboratory head at General Refractories Company, Cupples Products Company, McDonnell Aircraft Company, and General Dynamics Company. In addition, for nineteen years, Dr. Skelton taught materials and metallurgical engineering courses at the University of Texas at Arlington, Iowa State University, and the University of South Florida. Dr. Skelton began forensic engineering consulting in 1965. Since retiring in 1985 from the University of South Florida, Dr. Skelton has been engaged full time in engineering consulting services, including forensic consulting, materials testing and analysis. Since 1971, Dr. Skelton has testified in federal and state courts as an expert in

product failure analysis, product misuse, design defects, and other related areas.

Dr. Skelton has been "a very active fisherman" for over sixty years, and continues to fish as often as possible – probably averaging three times a month. Dr. Skelton has built and assembled several dozen fishing rods including fly-spinning-, spin-casting-, casting-, and boat-rods in the past fifty years and as used these custom built rods and other rods while fishing in fresh- and salt-water.

Dr. Skelton tested one curved leg configuration. Dr. Skelton's stress analysis of Fuji's line guide and a straight leg guide revealed that the straight leg guide less able to withstand the type of shock and torque caused by a fish fighting at the end of a line and thus would be objectively less desirable to fishermen. Id. at 823-24, 825-26. Dr. Skelton also performed an empirical load deflection test on Fuji's line guide and a straight leg variant. Id. at 824, 827. Given static load, the result of this test was that the curved leg model deflects more than the comparable straight leg model, that the deflection of the line guide increases as the load increases, and that as the load increases to the point of ultimate failure of the guide, the difference between the straight and curved leg guides continued to increase. Id. at 827-28.

With all other variables remaining constant, Dr. Skelton opined that Fuji's curved leg line guide is stronger and more able to withstand shock and torque in the lateral direction than a comparable line guide with straight legs, improving the quality, performance, and durability of the guide. Id. at 823-24, 826. Dr. Skelton's test revealed that at some loads, a curved leg guide was stiffer and less flexible than a straight legged guide. All other factors being equal, straight leg guides

will permanently deform and/or fail before comparable curved leg guides. Id. at 815.

Absent any changes, in Dr. Skelton's view, a stiffer configuration lacks the ability to resist as much shock or torque as a more flexible configuration. Id. at 823. While strength and flexibility of straight legs can be changed by the changing cross-sectional area of the legs, changing the cross-sectional area would be the creation of a different guide. Id. at 858. Different shaped line guides are designed for usage on different types of rods and for different types of fishing. Id. at 817-18.

Fuji discounts Dr. Skelton's opinions because the rod blank provides that the main flexure compliance and that the legs' flexion is much smaller than the rod blank's flexion. Although Dr. Skelton opines that the curved legs of the N guide were selected to reduce interference with line slap, Fuji asserts that the legs of its N and LR guides were not selected for that purpose. As to Dr. Skelton's opinion about Fuji's use of a press process or stamping to make line guides of these types limits the possible shapes of the line guides, Fuji manufactures a variety of line guides that are stamped. Fuji notes that Dr. Skelton agreed that alternatives to manufacturing methods are available as reflected in Fuji's '027 Patent and '684 Patent.

7. Sales and Marketing

Fuji's N line guide was first sold in the United States in 1977. Plaintiff's Exhibit 403. Fuji's LV and SV line guides were first distributed in the United States in 1982. Id. Fuji's LR line guide was first sold in the United States in 1985. Plaintiff's Exhibit 403A. The sales of Fuji's LV, SV, N and LR line guides in the United States until 2001 are set forth below:

YEAR (April-March)	N GUIDE	LV GUIDE	SV GUIDE	LR GUIDE
1977	1,702,029			
1978	1,415,893			
1979	417,833			
1980	1,514,137			
1981	2,453,766			
1982	1,656,565	Promotional Distribution	Promotional Distribution	
1983	1,397,165	318,197	363,828	
1984	2,686,086	2,112,628	578,115	
1985	3,127,842	7,363,995	1,078,326	22,944
1986	1,980,166	3,809,782	1,092,101	42,300
1987	2,796,484	4,323,450	1,997,140	232,958
1988	2,424,339	2,166,080	1,311,510	51,998
1989	2,294,108	4,091,341	1,009,591	163,580
1990	1,725,980	2,933,616	853,812	103,107
1991	1,380,490	2,240,158	580,559	159,467
1992	1,467,454	1,902,186	794,177	160,685
1993	1,769,446	1,908,483	709,287	177,028
1994	1,663,498	2,201,919	773,677	112,262
1995	1,912,426	2,699,085	1,261,451	115,601
1996	749,148	1,441,548	1,116,468	82,514
1997	1,058,745	1,761,056	1,790,469	121,497
1998	1,268,928	1,857,245	2,002,786	115,632
1999	1,873,413	1,729,675	2,338,036	157,073
2000	1,290,729	992,757	1,301,996	167,725
2001	1,197,752	1,680,226	1,790,010	150,143

(Plaintiff's Exhibit Nos. 403 and 403A).

Fuji spent over $2,000,000 promoting its products in the U.S. from 1991-2002. To promote sales, Fuji maintains a website at www.Fujitackle.com in English and Japanese languages. Fuji spent approximately $30,000 maintaining the website in 1996 and 1997, and $40,000 per year thereafter. (Plaintiff's Exhibit No. 85). Fuji's advertisements of the LV, SV, N and LR guides are directed to the entire guides, and not just the frame or the legs. The unique leg shape is discussed in some of Fuji's advertisements and is stressed the quality of the Fuji line guides.

Each year Fuji distributes sample products and display boards at United States trade shows. Print advertising and promotional materials for its LV, SV, N and LR line guides are

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published in Fishing Tackle Retailer, The Fisherman Magazine, RodCrafters Journal, and Bass Pro Shops' catalogues. The latter publication has millions of subscribers. These advertisements discuss the uniqueness of the design, material they are made of, ring type, strength and flexibility. These advertisements usually show pictures of the guides to make customers aware of Fuji's unique guide design. (Plaintiff's Exhibit Nos. 34, 35, 37-43, 48, 58-60, 160-71, 177-80, 184, 185, 214-16, 218-26, 234-36, 255, 258, 259 and 265).

A Fuji flyer for the LV and SV line guides reflects these guides as having the "V for victory" frame design highlighting the large "V" in Victory and showing the curvature of the legs. (Plaintiff's Exhibit No. 182). This flyer also compares the LV and SV guides to the straight legged guides they replaced. Id. Fuji distributed the latter flyer from 1982 through the mid-1990s.

Fuji's employees visit American customers of Anglers Resources to promote Fuji's products. During the International Convention of Allied Sportsfishing Trades ("ICAST") show, Fuji employees participated in Anglers Resources' sales meetings with customers and potential customers to promote Fuji's products. Until 2001, Fuji employees also attended Anglers Resources' annual sales meeting, including visits with customers after these meetings.

To introduce Fuji 's LV, SV, N and LR line guides into the United States market, Fuji's distributor also advertises these models in magazines, distributed catalogs and flyers. Fuji's distributor also promotes these models at trade shows, distributor shows and consumer shows. Flyers were distributed to wholesalers, rod manufacturers and retailers, as well as individuals. (Plaintiff's Exhibit Nos. 158, 159, 162 and 277). Various introductory advertising and promotional materials

described the model N guide as having a " handsome design" (Plaintiff's Exhibit No. 162), with a "brand new look in guide construction" (Plaintiff's Exhibit No. 159).

Until 1994, Lew Childre and Fuji's United States distributors incurred advertising expenses over $450,000 from 1984-94 for the four Fuji line guides at issue. (Plaintiff's Exhibit No. 412). These expenses include trade show fees, costs of advertisements in magazines and catalogs and anything else Lew Childre and DNY used to promote these Fuji line guides. Since 1994, Anglers World and Anglers Resources, Fuji's United States distributors, spent over $621,000 in advertising the four line guides at issue during the years 1996-2002. (Plaintiff's Exhibit No. 406). The distributors' promotions of the subject line guides cite their performance, look, quality, and also emphasize the legs on the guides. Anglers Resource advertised the award of Fuji's trademark registrations. (Plaintiff's Exhibit No. 518 at 2).

Since 1975, Carl Haber, Fuji's distributor, has attended trade shows to promote Fuji's products, including the American Sportfishing Association show and the ICAST annual events. The ICAST show is the biggest trade show in the fishing tackle industry attended by manufacturers, sellers, wholesalers or distributors, retailers, mass merchants, representatives in the industry and the media. At the ICAST, manufacturers display their products, particularly new products to customers and the media. With new catalogs and flyers for distribution. Fuji's United States distributors have had a booth exhibiting Fuji line guides at the ICAST show annually since 1975.

Anglers Resources attends other trade shows sponsored by different groups in this market. The Custom Rod Builders Guild International Conclave in Nashville is an annual show

for custom rod builders and hobbyists. Manufacturers and retailers that sell custom rod components exhibit their products at this show. The Conclave offers seminars on rod building. Anglers Resources has displayed its products, including the Fuji line guides, for the past couple years at this Conclave. Distributors also display their products to their retailers. Consumer shows are directed to individual consumers, fishermen in the area, to show new fishing tackle products. Anglers Resources representatives attend approximately 40-50 consumer shows a year, to show Fuji guides.

Fuji's distributor's customers have also advertised the four Fuji lines describing the model N guide as having a brand new look in guide construction. (Plaintiff's Exhibit No. 188 (referring to the N guide sd a unique one piece three-legged design); Plaintiff's Exhibit 193 (stating that the SV guide has an "arched V-frame"); and Plaintiff's Exhibit No. 198 (describing the LV and SV guides as having a "high V frame")). These advertisements assert that Fuji's aluminum oxide guides with "a stronger frame and much higher quality ring than the imitation guides[11] make these FUJI guides a much better buy." Plaintiff's Exhibit No. 199; see also Plaintiff Exhibit Nos. 49, 50, 53-57, 189-92, 195, 196, 201, 202, 203, 205, 208, 209, 210, 230, 233, 238, 239, 243, 246-54 and 256.

Manufacturers representatives are important to the total marketing of Anglers Resources products because they show the products to customers and act as a liaison between Anglers Resource and its customers. The manufacturers representatives are key to Angler Resource's marketing efforts. These manufacturers are paid on commission basis. None of Anglers Resource's competitors have commissioned representatives.

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[11] "Imitation guides" are those guides that are copies of Fuji guides. Carl Haber's Direct Testimony at 11, 44.

Rod manufacturers that sell rods with Fuji line guides, advertise that their rods have Fuji line guides because Fuji line guides are considered of highest quality. Rod manufacturers and assemblers purchase line guides based upon customer demand, quality, price, and availability of line guides. Rod manufacturers and custom rod assemblers select line guides based on customer preference that certain designs of fishing line guides are preferred over other designs for use in certain types of fishing. Fuji's line guides at issue are considered the industry standard.

According to Fuji's proof, industry publications recognize Fuji as a leader in rod components. In 1976, the Rodcrafters Journal reported that Lew Childre had discontinued one of Fuji's "famous" line guide models and "[i]n its place . . . proudly introduced the new Fuji model NHG. Dramatically different in design, it combines strength at no increase to weight . . . greater strength is provided by the curved (the famous arch) rather than straight-leg bracing. The guide, as is true of all Fuji models, is of one piece, thereby eliminating any possible weak connections." (Plaintiff's Exhibit No. 261 at 3-4). The article also included two photographs prominently featuring the N guide. Id. In 1979, Field & Stream magazine acknowledged that Fuji's United States distributor, Lew Childre, "revolutionized the guide business by popularizing the Fuji aluminum oxide guides." (Plaintiff's Exhibit No. 257). Advanced Custom Rod Building projected that Fuji's aluminum oxide guides was "soon spread like wildfire" and would take "the entire tackle world by storm . . . . [D]istinctive and easily recognized, and quality conscious fisherman wanted rods equipped with the new guides." (Plaintiff's Exhibit No. 263). The text described Fuji as "the innovator who was obsessed with quality and invested heavily in original research." Id. This journal deplored the cheap copy

guides imitating Fuji guides and identified Ryuichi Ohmura as "the genius behind many of their innovative designs." (Plaintiff's Exhibit No. 264 at 355386).

The only direct consumer testimony about Fuji's line guides are the individual declarations Fuji submitted to the PTO. The Defendants also submitted these declarations to the PTO. (Defendants' Exhibit Nos. 1, 3, and 5). According to these declarations, when customers order Fuji guides, they primarily use the Fuji name and/or model number. These customers and consumers express preferences for certain line guide designs for certain fishing applications.

Yet, the proof includes testimony that some consumers, including custom rod builders, do not consider these line guides as distinctive of Fuji line guides. Some consumers discussed the shapes of the line guides only in relation to line guide and rod use. In any event, fishermen are considered very particular in their choice of line guides for a particular type of fishing, and market acceptance of new alternatives for the Fuji designs would be difficult. Since at least 1992, the Fuji type of line guides are the most popular guide styles in the United States as components or imported on rods.

There were episodic references to consumers' reactions. Some customers in the United States returned copy line guides at issue to Fuji as defective or of poor quality. Upon inspection, Fuji could not discern the maker or seller of the referenced guides because their names are not on the guides. These returns caused Fuji problems with its customers because customers will complain to Fuji about guide failures, but upon inspection, the guides are copies and not genuine Fuji guides. Harakawa, a Fuji officer, visited a retail store with Haber in the United States and observed a customer requesting his rod to be repaired with Fuji guides. The retail store had put non-Fuji

line guides on the customer's rod, but the invoice reflected the customer's preference for Fuji line guides.

Anglers Resources also had returns of non-Fuji guides from distributors and individuals. Such returns have occurred continuously since Haber was employed by Lew Childre 1976 to the present. The Fuji line guides at issue are usually sold in retail stores in packages or loose in bins. Haber observed other manufacturers' guides as copies of Fuji's line guides, mixed in with the bins of Fuji guides, even though the bins are labeled as containing Fuji guides.

Haber observed a rod with Fuji tags at a trade show that were copies of Fuji line guides and upon requesting the seller to remove the tags, the seller remarked that he though the guides were Fuji guides as he had requested. Haber also mailed declarations to various customers and others for Fuji's trademark applications and one customer declined to sign the declaration, citing his difficulty in distinguishing between other companies' guides and Fuji's guides. See, e.g., Plaintiffs Exhibit No. 515.

The Defendants use the same marketing channels as Fuji to sell their guides and rods. Defendants market and promote their products through its catalogues, website, and attendance at regional and national industry trade shows including the American Sport Fishing Association National Show, the National Buying Syndicate National Show, and the American Hardware Show. (Plaintiff's Exhibit Nos. 122-26 and 133). Amtak's website has been used for advertisement purposes to encourage prospective customers to call Amtak to request a catalogue. Customers are unable to purchase line guides through its website.

8. Market Surveys

The parties presented consumer surveys on Fuji's line guides' recognition in the United States market.

For Fuji, Dr. Robert C. Sorensen conducted a survey of present and prospective buyers and users of fishing line guides on their recognition of the trade dress of the Fuji's line guides. Dr. Sorensen, President of Sorensen Marketing/Management Corporation, ("SMMC"), a market research and marketing counsel firm, provides institutional, corporate, law firm and pro bono clients with research, surveys, analysis and information on consumer perception and behavior, marketing management and advertising. SMMC's work includes new product introductions, marketing management, mergers and acquisitions. SMMC's experience performs studies, including surveys, for trademark, trade dress, deceptive advertising, and unfair competition for litigation. (Plaintiff's Exhibit No. 347). Dr. Sorensen has a Ph.D. Degree in Sociology and Political Science from the University of Chicago, a Masters Degree in Sociology from the University of Chicago and a Ph.D. from the University of Chicago in 1954. Dr. Sorensen's doctorate was for social psychology, with interdepartmental majors of mass communications and industrial relations with extensive experience.[12] Id.

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[12] Dr. Sorensen's prior work experience includes, chronologically, an Assistant Professor of Law, and a social scientist, at the University of Nebraska College of Law from 1948 to 1952 where work included demonstrations of survey research in legislative activity. Id. From 1952-1954, Dr. Sorensen was an Operations Analyst in the Operations Research Office of the Johns Hopkins University studying the recruitment and utilization of Korean civilians by the U.S. Army during the Korean war. Id. Dr. Sorensen served as the Director of Audience Research and Analysis for Radio Free Europe in Munich, Germany from 1954-1959 where he

organized research into broadcasting effectiveness, audience characteristics and media content analysis concerning the political warfare communications. Id. From 1959-1961, Dr. Sorensen was the Director of Research for This Week Magazine. From 1961-1966, Dr. Sorensen was the Vice President and Corporate Director of Research for D'Arcy Advertising Company, then the tenth largest advertising agency in the United States where he supervised all marketing research at its main office. From 1966-1968, Dr. Sorensen was an Executive Director of the Center for Advanced Practice of the Interpublic Group of Companies involved in product development and new product introduction for clients worldwide. Id. Dr. Sorensen was next the Vice President and Director of Market Research for Warner Communications, Inc., now AOL Time Warner, from 1972-1974. Dr. Sorensen was a full, tenured Professor of Marketing at Rider University, in Lawrenceville, New Jersey, from 1981-1993. Teaching undergraduate and graduate courses in Market Research, Advertising Principles, Consumer Behavior, Marketing Management, Social Issues in Marketing, Creative Advertising, and Trademarks: Their Creation, Use and Protection. Dr. Sorensen is now a Professor Emeritus at Rider University.

Dr. Sorensen has been a member of many professional organizations, including American Association for the Advancement of Science, American Association for Public Opinion Research, American Marketing Association, American Sociological Association, International Trademark Association, Marketing Research Association, Market Research Council and Childreach/Plan International. Dr. Sorensen has served on the Editorial Board of The Trademark Reporter, which is the law journal of the International Trademark Association.

Dr. Sorensen's survey interviewed forty-three (43) persons who reported that during the next twelve months, they will "be building whole or parts of fishing rods," for one or more kinds of fishing other than fly-fishing. (Plaintiff's Exhibit No. 346, Sorensen Report at ¶ 2). These participants were not told the purpose of the survey. Id. at ¶ 8. The interviews occurred at fishing rod crafters' weekend meetings where hobbyists display their work and exchange ideas about crafting and building fishing rods. Id. During these meetings, participants examined various fishing rods and their component parts to learn the use and handling prior to purchase. Id. at ¶ 9. Fuji's line guides at issue were shown as a group and the manner of the line guides promotion and advertisement were presented. Id. at Exhibit C, attached thereto, at 5. The participants were told that the guides were made by the same company, but were not told the manufacturer's identity. Id. at Exhibit C, attached thereto, at Tab C. Thirty-five percent (35%) of the completed interviews were randomly selected and an independent survey research organization verified these participants' responses by telephone. Id. at ¶ 10.

During his employment with This Week Magazine, D'Arcy Advertising Company, the Center for Advanced Practice of the Interpublic Group of Companies and Warner Communications, Dr. Sorensen made frequent use of survey research to determine reader perceptions, advertising effectiveness, and consumer perception and behavior with regard to many products. Dr. Sorensen has designed, supervised and participated in hundreds of surveys and has offered expert testimony in deposition proceedings and before courts and administrative bodies in over 70 cases, involving primarily trademark, trade dress, and comparative advertising issues in federal and state courts, the United States International Trade Commission, and the United States Patent and Trademark Office Dr. Sorensen authored a monograph commissioned and published by the United States Trademark Association, now the International Trademark Association, in 1990 entitled "Preparing and Proving Survey Research in Trademark Litigation." Id.

Dr. Sorensen found 46.5% of the respondents recognized Fuji as the maker or that Fuji was one of either two or three companies making the guides they examined. Id. at ¶ 12. A substantial number of these persons attributed their Fuji identifications to the shape and appearance of the guides or expressed their belief that what they saw were the Fuji guides they used or purchased. Id. Some persons responded that the guides were or might be a copy of Fuji's guides. Id. More than fifty-five percent (55.8%) of total survey respondents identified "Fuji" as the original designer of these guides. Id.

Based on his survey results, Dr. Sorensen opined that the trade dress of each of the four subject Fuji line guides had acquired a secondary meaning for the participants interviewed. Id. ¶ 13.

Defendants' criticisms of Sorensen's survey are that the largest purchasers of Fuji's business in the United States are wholesalers and rod manufacturers, not custom rod builders. Other cited flaws are that respondents were asked their opinions only as of the time the survey was taken and did not connect its results with any relevant time period prior to October 2002. (Plaintiff's Exhibit No. 346). The survey respondents considered all four Fuji line guides at the same time and did not express opinions about each line guide. Id. Only fourteen (32.6%) of the respondents in the Sorensen survey identified Fuji as the only source of the four line guides. Id. Twenty-five of the respondents named a company other than Fuji, or more than one company, as the manufacturer(s) of the guides. Further, only four respondents specifically mentioned shape as a basis for identifying any particular manufacturer. Id. None of the respondents identified the shapes of the legs as their reasons for associating the guides with Fuji. Id. The respondents were told in advance that each

of the four line guides were from the same company. The respondents were not asked if they had ever purchased any line guides. The respondents were not asked if they had seen any of these line guides prior to the survey. The respondents were not instructed not to guess in their responses. In sum, Defendants cite the small number of respondents, coupled with these flaws, to render Sorensen's survey unreliable.

Dr. Daniel B. Prince, Defendants' expert, conducted two surveys. The first was an in-person survey of potential buyers of fishing rods at four shopping malls in Tennessee, Washington, Minnesota and Florida. The in-person consumer survey involved at least 176 persons over the age of 18 who fished and who either had purchased a fishing rod in the last five years or were planning on purchasing a fishing rod in the next three months. (Defendants' Exhibit Nos. 44 and 45). The survey was conducted at four separate geographic locations. The survey asked participants about the legs of each of Fuji's four line guides. For the LV line guide, 11% of the participants responded that such a guide was made by only one company, while 34% stated that such a guide was made by more than one company. Eleven percent (11%) of respondents thought the SV guide was made by only one company, but 41% responded that such a guide was made by more than one company. For the N line guide, of respondents who identified this guide, 9% stated that only one company made this guide while 33% stated that such a guide and made by more than one company. Of those participants who identified the LR line guide, 12 % thought this guide was made by only one company and 16% thought more than one company made this guide.

The second survey was a mail questionnaire survey to pre-selected employees of fishing rod manufacturers. The mail survey with illustrations of the line guides at issue was sent to employees of businesses that manufacture or assemble fishing

rods in the United States. (Defendants' Exhibit Nos. 44 and 45). Twenty questionnaires were returned and respondents stated that they were familiar with line guides purchased by their employers. For three types of the guides, 5% responded that one of the guides was made by a single manufacturer, but 95% stated that they thought this guide was made by more than one manufacturer. Eleven percent (11%) of those responding stated that they thought Fuji's line guide was made by a single manufacturer while 72% stated that they thought the same guide was made by more than one manufacturer.

In its criticisms of Dr. Prince's survey, Fuji notes that the survey did not address the frequency of respondents' fishing experiences. The survey did not determine if the respondents were actually prospective buyers of fishing rods. The survey erroneously described the guide ring and the frame as parts of a fishing rod, not parts of a line guide. The survey did not confirm that the participants understood what the frame and guide ring are. Dr. Prince's company, not an independent company, validated his survey. Significantly, in the second survey, defendants' counsel's agents called participants in advance about the participants' willingness to participate in the survey. Dr. Prince did not select the participants and a random selection process was not used. The Court finds the latter facts to discredit completely the probative value of Dr. Prince's mail survey.

9. Affirmative Defenses

For the abandonment defense, Defendant's proof reflects that foreign manufacturers have been selling copies of Fuji's four line guides in the United States during the past twenty years.

Prior to this litigation, Paul Schluter, with St. Croix Rods, the largest manufacturer of fishing rods in the United States, testified that he has purchased guides from Fuji, Pacific Bay, Commerce Unlimited, and Batson since the mid-1980s. In 1984 and 1985, St. Croix purchased line guides comparable to Fuji's four line guides from Perfection Tip and J. S. Ko Corporation. Mike Thorson, who managed a sporting goods store from 1985 to1990, purchas d the line guides at issue from Fuji, Pacific Bay, Commerce Unlimited, and Daiwa Rods. Thorson saw similar guides at Pacific Bay, Amtak, Fuji, Commerce, and Batson. According to Thorson, between 1990 and 1995, copies of Fuji line guides appeared in catalogues, sales literature, at trade shows, and on competitors' domestic and imported rods.

From 1985 to 1998, exhibitors at numerous trade shows were selling copies of these Fuji line guides. For example, during this time, Abu Garcia sold copies of two of these line guides to general retailers. Lisan Enterprise Co, Ltd., a Taiwan manufacturer, exported and advertised these line guides prior to 1993. (Defendants' Exhibit Nos. 510; Plaintiff's Exhibit No. 545 at Exhibit F attached thereto). Saewon or Sae Won advertised copies of Fuji's line guides since at least as early as 1983. In 1984, Boston Camping, Hal Brown, and Southern Connecticut Tackle distributed fishing rods with copies of Fuji line guides. Since at least as early as 1984, Penn Fishing Tackle sold copies of Fuji's line guides that were not manufactured by Fuji.

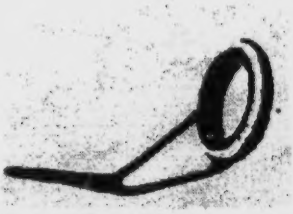
Ted Sevier, owner of Sevier Manufacturing, from 1985-1997 and a Fuji competitor, imports and resells fishing rod components from manufacturers in South Korea and Taiwan, including copies of the Fuji line guides at issue. Sevier, who competed with Fuji and Anglers Resources, cited the guides in the Perfection Tip and Allan Manufacturing catalogues

displaying line guides that are copies of Fuji's LV, SV, and N line guides.

Set forth below are examples of the copy guides that Defendants cited as copies of or substantially similar to the Fuji line guides at issue that have been marketed in the United States at different times since the mid-1980s:

DEF. EX. 501
PB01409
COMMERCE UNLIMITED

DEF. EX. 508
PB02409
KAN DONG



DEF. EX. 398
P002844
VARMAC

DEF. EX. 502
0003309
COMMERCE UNLIMITED

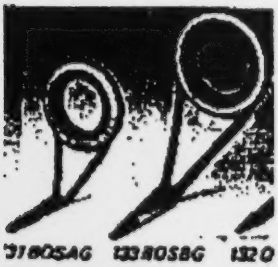
DEF.EX. 462
0003392
BERKLEY

DEF. EX. 425
350112
FENWICK

DEF. EX. 459
PB02297
SAM YANG

DEF. EX. 456
PB02392
SAE WON

DEF. EX. 444
PB02765
SHIMANO

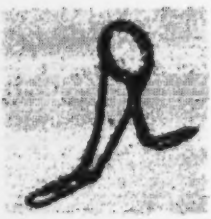


DEF. EX. 455
PB02342
SAE WON

DEF. EX. 597
PAGE 4
PERFECTION

DEF. EX. 510
PB02274
LISAN

DEF. EX. 501
PB01409
COMMERCE UNLIMITED

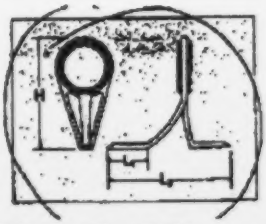


DEF. EX. 502
0003309
COMMERCE UNLIMITED

DEF. EX. 510
PB02274
LISAN

DEF. EX. 456
PB02393
SAE WON

DEF. EX. 444
PB02762
SHIMANO



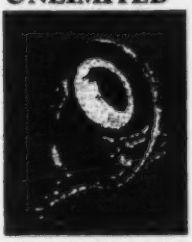
DEF. EX. 459
PB02317
SAM YANG

DEF. EX. 462
0003394
BERKLEY

DEF. EX. 501
PB01409
COMMERCE UNLIMITED

DEF. EX. 508
PB02408
KAN DONG

DEF. EX. 502
0003309
COMMERCE UNLIMITED



DEF. EX. 459
PB02297
SAM YANG

DEF. EX. 428
0003559
FENWICK

DEF. EX. 510
PB02273
LISAN

DEF. EX. 455
PB02239
SAE WON

DEF. EX. 456
PB02389
SAE WON

In response to this proof, Fuji often could not identify the manufacturers of the copy guides and elected not to sue until the opposition to its trademark applications were resolved. Fuji notes the PTO considered the Perfection Tip line guides before registering Fuji's marks. The PTO also considered other catalogues cited by Sevier, including the 1976 and 1982 Perfection Tip catalogs. (Defendants' Exhibit Nos. 1, 3, 5, 589 and 596; Plaintiff's Exhibit No. 414).

As to the testimony of Defendants' witnesses, Fuji cites Schluter's failures to identify any specific time periods for the sales of these copy line guide and to identify their originator(s). St. Croix Rods for whom Schluter works, has a license offer from Fuji. (Plaintiff's Exhibit No. 557). Schluter conceded that Fuji's representatives may have complained about copy line guides to his employees. Ray Pryzgoda of ABU-Garcia, who testified about sales of copy guides, could not specify whether his testimony referred to guides with straight or curved legs, or as to the number of legs. On cross examination, James McIntosh, also of ABU-Garcia, who also testified about sales of copy guides, admitted that the guides in the catalogs he cited could be Fuji guides. Defendants' Exhibit 258 is dated 1989-90 and depicts the model TV, T, SV and RB guides in a price list which is not available to the general public or competitors.

Fuji was unaware of Pacific Bay's infringement until 1998, when Fuji first learned that Pacific Bay had bought the assets of PBFT. Fuji's attorney wrote Pacific Bay's predecessor in 1987 regarding infringement of the design patent, but the product at issue was not the guide covered by Fuji's patent. Fuji sued PBFT in 1996 for patent infringement involving the ring of a line guide. Prior to that action, Fuji received a package of "Pacific Bay" guides and determined that those guides infringed its patent. The court dismissed the action finding that Fuji unduly delayed filing its claim. Of course, PBFT's opposition to Fuji's trademark applications provided notice of Fuji's assertions of trademark protection for these line guides. Pacific Bay did not change any of its business practices after Fuji's assertion of trademark rights. (Plaintiff's Exhibit No. 532).

Batson was aware of Fuji's assertions of trademark protection for its guides in 2000, when Fuji noticed Batson using Fuji's model designations on its copy guides. Fuji's attorneys wrote a cease and desist letter to Batson for selling the infringing line guides and using Fuji's model designations. Batson agreed to stop using Fuji's model designations, but did not cease selling other manufacturers' copies of Fuji's line guides. (Plaintiff's Exhibit Nos. 376 and 377).

Amtak was aware that Fuji's assertions of trademark rights in the line guides. In 1993, Batson solicited individuals, including Meehan of Amtak, who signed a form declaration opposing Fuji's trademark applications. (Plaintiff's Exhibit No. 545). Fuji also received Amtak's infringement from Amtak's 1995 catalog offering copies of Fuji's LV, SV, N and LR models. In 1999, Fuji's English distributor showed Fuji an Amtak advertisement featuring a copy of Fuji's model LR guide and a Fuji guide design.

10. Fuji's "HARDLOY" Mark

Fuji's "HARDLOY" mark is derived from manufacturers from whom Fuji purchased the raw materials for the line guides. Those manufacturers use the term "hardloy" as a shorthand for the phrase "hardened aluminum oxide." Hardened aluminum oxide is the type of material of which a ring that fits into a line guide can be made. Guide rings can be made out of numerous materials, including zirconia, silicone carbine, ceramic, aluminum oxide, or hardened aluminum oxide. Fuji elected to trademark the term "HARDLOY" to inform the customers of what a ring's composition.

Fuji's attorneys sent a cease and desist letter to Amtak about the unlawful use of Fuji's LR design and its "HARDLOY" trademark. (Plaintiff's Exhibit No. 358). Amtak agreed to stop using the line guide design and the "HARDLOY" trademark, but initially stated it would change its copy of Fuji's guide to be "sufficiently different from the Fuji model" (Plaintiff's Exhibit Nos. 359 and 364), but Amtak did not do so. (Plaintiff's Exhibit No. 359). Amtak's lawyer advised that Amtak would continue selling the copy guides until Fuji obtained a trademark registration. Id.

Amtak used the term "HARDLOY" in its newest catalogue, which was being published at the time. Upon notification from Fuji complaining of Amtak's use of its mark, Joe Meehan, III of Amtak reviewed Amtak's website to remove the term "HARDLOY", but the term "HARDLOY" remained on Amtak's website. Amtak immediately removed the term "HARDLOY" when it learned that the term remained on its website. Customers could not purchase items over Amtak's website that was strictly for advertising purposes. Amtak's website lists Amtak's phone number and address for purposes of obtaining a catalog or ordering items. Amtak spelled the

term "HARDLOY" ending in an "e" because the manufacturers, including Korean manufacturers Sam Yang, Lisan Enterprise Company, and Bo Lim, that market copies of Fuji line guides and from whom Amtak purchased the line guides spelled "HARDLOYE". (Defendants' Exhibit No. 459; Plaintiff's Exhibit No. 545).

11. Pacific Bay's Attempted Boycott of Fuji

In a May 23, 2003 letter to "friends and customers", Allan Routh, Pacific Bay's vice president, wrote, "we are asking . . . that you boycott all Fuji products until these lawsuits are over. Every dollar you spend with Fuji's competitors helps preserve the independent and freedom-loving spirit of our industry." (Plaintiff's Exhibit Nos. 148, 149 and 155). The e-mail forwarding this letter advised that the recipients are "welcome to send this copy out to your customers and others". (Plaintiff's Exhibit No. 148). Among those receiving this letter were: G. Loomis, AER Custom Sport Equipment, Mitchell Manufacturing, Jann's, Heads or Tails, Custom Rods by Grandt, Arc Rod, Castaway Fishing Products and Craig Buley. (Plaintiff's Exhibit No. 311). Routh now understands that "you're not allowed to call for a boycott." (Plaintiff's Exhibit 539, Routh Deposition at 102).

12. Damages

The parties stipulated that Pacific Bay's profits from the sale of all pertinent models of line guides for fiscal years 1999-2003 are $1,273,696.70. (Plaintiff's Exhibit No. 350). Batson's profits from the sale of all pertinent line guides from June 1, 2000 through August 20, 2003, are $267,888.30. (Plaintiff's Exhibit No. 351). Amtak's profits from the sale of all pertinent line guides from October 1, 2000 through September 30, 2002 is $24,646. (Plaintiff's Exhibit No. 352).

B. CONCLUSIONS OF LAW

For trademark infringement of a registered mark, the Lanham Act provides, in pertinent part, as follows:

> (1) Any person who shall, without the consent of the registrant--
>
> (a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or
>
> (b) reproduce, counterfeit, copy, or colorably imitate a registered mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive,
>
> shall be liable in a civil action by the registrant for the remedies hereinafter provided.

15 U.S.C. § 1114.

As to claims for trademark infringement of unregistered marks, such as Fuji's LV line guide, the Lanham Act provides, in pertinent part, as follows:

(a) Civil action

(1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or

(B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,

shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

15 U.S.C. § 1125(a).

For a registered mark, the registration is prima facie evidence of validity, ownership, and exclusive right to use the mark, but a registration "shall not preclude another person from proving any legal or equitable defense or defect . . . which might have been asserted if such mark had not been registered." 15 U.S.C. § 1115. In infringement actions, "the court may determine the right to registration [and] order the cancellation of registrations, in whole or in part . . ." 15 U.S.C. § 1119.

"[T]rademark law now pursues two related goals – the prevention of deception and consumer confusion, and, more fundamentally, the protection of property interests in trademarks." Ameritech, Inc. v. Am. Inf. Techs. Corp., 811 F.2d 960, 964 (6th Cir. 1987). For a trademark infringement action under 15 U.S.C. § 1114, "[t]he touchstone of liability under § 1114 is whether the defendant's use of the disputed mark is likely to cause confusion among consumers regarding the origin of the goods offered by the parties." Paccar Inc. v. TeleScan Tech., L.L.C., 319 F.3d 243, 249 (6th Cir. 2003) (quoting Daddy's Junky Music Stores, Inc. v. Big Daddy's Family Music Ctr., 109 F.3d 275, 280 (6th Cir. 1997)). Under 15 U.S.C. §1114(1), the plaintiff must prove a likelihood of confusion by the use of the defendant's mark by a preponderance of the evidence. Champions Golf Club, Inc. v. The Champions Golf Club, Inc., 78 F.3d 1111, 1116 (6th Cir. 1996).

For registered trademarks, several legal presumptions arise. Registration grants to the registrant a statutory rebuttable presumption that its trademark is valid. Burke-Parsons-Bowlby Corp. v. Appalachian Log Homes, Inc., 871 F.2d 590, 595-96 (6th Cir. 1989). Under Section 7(b) of the Lanham Act, Fuji's three trademark registrations "shall be prima facie evidence of the validity of the registered mark and of the registration of the mark, of registrant's ownership of the mark, and of the registrant's exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the certificate...." 15 U.S.C. §1057(b).

A registered mark also carries a presumption that the mark is non-functional. Schwinn Bicycle Co. v. Murray Ohio Mfg. Co., 470 F.2d 975, 977 (6th Cir. 1972). The opposing party bears the burden to rebut this presumption of validity. Wynn Oil Co. v. Thomas, 839 F.2d 1183, 1190 (6th Cir. 1988).

To rebut the presumption requires a showing by a preponderance of the evidence. See Pita Delight, Inc. v. Salami, 24 F.Supp.2d 795, 799 (E.D. Mich. 1998) (citing Sengoku Works, Ltd. V. RMC Int'l, Ltd., 96 F.3d 1217, 1219 (9th Cir. 1996); Vuitton et Fils, S.A. v. J. Young Enters., 644 F.2d 769, 775-76 (9th Cir. 1981)). "[U]nless defendant can introduce evidence to rebut that presumption of the marks' validity, we will accept the conclusion of the agency which is entrusted with the duty of administering the Lanham Act, and which is undoubtedly expert in these matters." Wynn Oil Co., 839 F.2d at 1190.

Fuji's trademark registrations for its line guides were issued under Section 2(f), 15 U.S.C. § 1052(f), and are thus presumed to have acquired distinctiveness. Avery Dennison Corp. v. Sumpton, 189 F.3d 868, 876 (9th Cir. 1999); Arrow Fastener Co., Inc. v. Stanley Works, 59 F.3d 384 (2d Cir. 1995). This presumption "shifts the burden of proof to the party challenging the validity of the mark." Burke-Parsons-Bowlby, 871 F.2d at 593.

This presumption attaches to the filing date of application. 15 U.S.C. §1057(c). Section 7(c), "establishes a priority date with the same legal effect as the earliest actual use of a trademark at common law." Allard Enterprises, Inc. v. Advanced Programming Resources, Inc., 249 F.3d 564, 572 (6th Cir. 2001). The presumptions of a valid mark and acquired distinctiveness includes a presumption of secondary meaning as of the filing date of the trademark application. Sengoku Works, 96 F.3d at 1219. According to Professor McCarthy, "resolution of the issue should be guided by the obvious policy of the 1989 creation of section 7(c) constructive use, which was designed to reduce geographical fragmentation of trademark rights. It would promote this policy to recognize secondary meaning priority as of the date of application."

McCarthy on Trademarks and Unfair Competition § 26:41 at p. 26-71 (4th ed. 2005). Section 7(c) supercedes judicial precedents prior to the 1989 amendment, effective November 16, 1989, but did not affect any action pending on the effective date. Brittingham v. Jenkins, 914 F.2d 447, 453 n.10 (4th Cir. 1990).

Yet, "[i]n a civil action for trade dress infringement ... for trade dress not registered on the principal register, the person who asserts trade dress protection has the burden of proving the matter sought to be protected is not functional." 15 U.S.C. §1125(a)(3). For infringement of an unregistered mark under Section 1125(a), the plaintiff must prove by a preponderance of the evidence a likelihood of confusion and that the mark has acquired secondary meaning. Esercizio v. Roberts, 944 F.2d 1235, 1239 (6th Cir. 1991).

Whether infringement of a registered or unregistered trademark, the plaintiff must prove its actual use of the trademark, and that the defendant is using or has used the same or a similar mark. Rock & Roll Hall of Fame & Museum, Inc. v. Gentile Prods., 134 F.3d 749, 753 (6th Cir. 1998). Likelihood of confusion is the essence of an unfair competition claim and the same factors are considered under section § 1114(1) as are considered under §1125(a). "The touchstone of liability under 1114 is whether the defendant's use of the disputed mark is likely to cause confusion among consumers regarding the origin of the goods offered by the parties." Paccar, 319 F.3d at 249 (quoting Daddy's Junky Music Stores, 109 F.3d at 280). Absent documentary support, vague and inconsistent testimony and oral testimony is insufficient evidence to invalidate a mark. Circuit City Stores, Inc. v. CarMax, Inc., 165 F.3d 1047, 1053-54 (6th Cir. 1999).

Fuji's "HARDLOY" mark is an incontestable trademark and by statute such "registration shall be conclusive evidence of the registrant's exclusive right to ... use the registered mark" 15 U.S.C. § 1115(b), subject to certain statutory defenses. 15 U.S.C.§ 1115(b)(1) through (9). In addition, "because [Plaintiff's] mark is incontestable then it is presumed to be at least descriptive with secondary meaning, and therefore a relatively strong mark." Dieter v. B & H Indus. of S.W. Fla., 880 F.2d 322, 329 (11th Cir. 1989). "Strong marks, with greater secondary meaning, receive broader protection than 'weak marks.' " Qualitex Co. v. Jacobson Co., 514 U.S. 159, 167 (1995) (quoting McCarthy §§ 11.24-11.25). Moreover, in this Circuit, where "[a defendant] has offered evidence that [Plaintiff's] mark has been weakened by widespread use of similar marks, the evidence is not sufficient to rebut as a matter of law the presumption conferred by incontestable status." Jet Inc. v. Sewage Aeration Sys., 165 F.3d 419, 422 (6th Cir.1999).

The Court concludes that under Qualitex, Fuji's "HARDLOY" incontestable trademark has a secondary meaning and is entitled to greater protection.

As to Defendants' claim of fraud by Fuji in the PTO proceeding, the Supreme Court noted that during the registration process, all interested and opposing parties are given notice and an opportunity to object before an incontestable registration is issued.

> Respondent is simply wrong to suggest that third parties do not have an opportunity to challenge applications for trademark registration. If the Patent Office examiner determines that an applicant appears to be entitled to registration, the mark is published in the Official Gazette. § 12(a), 15 U.S.C. § 1062(a).

> Within 30 days of publication, any person who believes that he would be damaged by registration of the mark may file an opposition. § 13, 15 U.S.C., § 1063. Registration of a mark provides constructive notice throughout the United States of the registrant's claim to ownership. § 22, 15 U.S.C. § 1072. Within five years of registration, any person who believes that he is or will be damaged by registration may seek to cancel a mark. § 14(a), 15 U.S.C. § 1064(a). A mark may be canceled at any time for certain specified grounds, including that it was obtained fraudulently or has become generic. § 14(c), 15 U.S.C. § 1064(c).

Park 'n Fly, Inc. v. Dollar Park & Fly, Inc., 469 U.S. 189, 202 (1985).

Here, Pacific Bay and Amtak clearly were aware of and participated in opposition to Fuji's trademark applications, although Amtak's participation was limited to its submission of Meehan's declaration. Professor McCarthy's treatise succinctly states: "There is nothing in the oath or the statute which requires applicant to disclose anyone who in fact may be using the mark, but does not, in the applicant's belief, possess the legal right to use." McCarthy, § 31.76, at 31-137. The application oath, under the Lanham Act, only requires that the registrant "believe" himself to be the owner, Sovereign Order of St. John v. Grady, 119 F.3d 1236, 1241 (6th Cir. 1997), and this is a subjective belief. Resorts of Pinehurst v. Pinehurst Nat'l Corp., 148 F.3d 417, 420 (4th Cir. 1998). There is no duty to disclose to the PTO the expiration dates of possibly relevant patents. In re Honeywell, Inc., 497 F.2d 1344, 1348-49 (C.C.P.A. 1974).

With respect to a claim of "substantially exclusive" use under section 2(f), that claim is not fraudulent unless others

had a "right to use" the mark as under the application oath discussed above. Wurzburger Hofrau AKG v. Schoenling Brewing Co., Inc., 331 F. Supp. 497, 505 (S.D. Ohio 1971), aff'd 1972 WL 17719 (6th Cir. 1971), cert. denied, 409 U.S. 1042 (1972); see also eCash Techs., Inc. v. Guagliardo, 127 F. Supp. 2d 1069, 1080 (C.D. Cal. 2000) (discussing "right to use" mark by another). In a word, the applicant's knowledge of the acts of other parties without the other parties having a right to use applicant's mark does not establish fraud in the application process.

Any inconsistences in an applicants' papers must be material to set aside a registered mark. E. Am. Trio Prods. Inc. v. Tany Elec. Corp., 97 F. Supp. 2d 395, 402 n.30 (S.D.N.Y. 2000), and authorities cited therein. Clear and convincing evidence is required for a showing of fraud to invalidate a trademark registration. Resorts of Pinehurst, 148 F.3d 417, 420 (4th Cir. 1998); Metro Traffic Control, Inc. v. Shadow Network Inc., 104 F.3d 336, 340 (Fed. Cir. 1997); eCash, 127 F. Supp. 2d at 1079.

Such proof is lacking here. Moreover, with Pacific Bay's extensive participation in the PTO proceeding, the discussions of Fuji's patents and the documentary evidence before the PTO, the Court finds that the PTO had the conflicting evidence cited by the Defendants. Nonetheless, the PTO approved Fuji's applications for the three works at issue. The Court concludes that this contention lacks merit.

As to the parties' contentions on Fuji's patents and the functionality of its line guides, given the dispositive effect of the resolution of the functionality issue, the Court addresses this issue first. A product covered by an expired patent is considered a public resource. In Dastar Corp. v. Twentieth Century Fox Film Corp., 539 U.S. 23 (2003), the Supreme

Court expressly held that the Lanham Act does not abrogate the public's right to "copy and to use" features from an expired patent. 539 U.S. at 33-34. "To hold otherwise would be akin to finding that Section 43(a) created a species of perpetual patent and copyright, which Congress may not do." Id. at 37. In the context of a trade dress claim, in TrafFix Devices, Inc. v. Marketing Displays, Inc., 532 U.S. 23 (2001), the Supreme Court commented on the evidentiary impact of an expired utility patent:

> [A] utility patent is strong evidence that the features thereon claimed are functional. If trade dress protection is sought for those features the strong evidence of functionality based upon the previous patent adds great weight to the statutory presumption that features are deemed functional until proven otherwise by the party seeking trade dress protection. Where the expired patent claimed the features in question, one who seeks to establish trade dress protection must carry a heavy burden of showing that the feature is not functional, for instance by showing it is merely an ornament, incidental or arbitrary aspect of the device.

532 U.S. at 29-30 (emphasis added).

In Qualitex, the Supreme Court noted that "in general terms, a product is functional, and cannot serve as a trademark 'if it is essential to the use or purpose of the article or if it affects the cost or quality of the article,' that is, if exclusive use of the feature would put competitors at a significant non-reputation-related disadvantage." 514 U.S. at 165. (quoting Inwood Labs., Inc. v. Ives Labs., Inc., 456 U.S. 844, 850 n.10 (1982)). Moreover, the Supreme Court observed that:

> [t]he functionality doctrine prevents trademark law, which seeks to promote competition by protecting a firm's reputation, from instead inhibiting legitimate competition by allowing a producer to control a useful product feature. It is the province of patent law, not trademark law, to encourage invention by granting inventors a monopoly over new product designs or function for a limited time after which competitors are free to sue the innovation. If a product's functional features could be used as trademarks, however, a monopoly over such features could be obtained without regard to whether they qualify as patents and could be extended forever (because trademarks may be renewed in perpetuity).

Qualitex, 514 U.S. at 164-65 (internal citations omitted).

In TrafFix Devices, the Supreme Court stated: "product design almost invariably serves purposes other than source identification." 532 U.S. at 29 (quoting Wal-Mart Stores, Inc. v. Samara Bros., 529 U.S. 205, 213 (2000)). "[T]he Lanham Act ... does not protect [a trademark] in a functional design simply because an investment has been made to encourage the public to associate a protection functional feature with a single manufacture or seller." Id. at 34-35. Yet, "[t]he Court has allowed trade dress protection to certain product features that are inherently distinctive ... The trade dress in those cases did not bar competitors from copying functional product design features." Id. at 33.

In the Sixth Circuit, "[t]rademark law does not protect the functional features of products because such protection would provide a perpetual monopoly of features which could not be patented." Ferrari, 944 F.2d at 1246. The Sixth Circuit has ruled that the fact "[t]hat an item serves or performs a

function does not mean . . . that it may not at the same time be capable of indicating sponsorship or origin where aspects of the item are nonfunctional." Ferrari, 944 F.2d at 1247 (quoting WSM, Inc. v. Tenn. Sales Co., 709 F.2d 1084, 1087 (6th Cir. 1983)). Further, "[e]ven if the elements . . . were separately functional . . . arrangement of these features can constitute more than the sum of its non-protectable parts." Antioch Co. v. W. Trimming Corp., 347 F.3d 150, 158 (6th Cir. 2003) (quoting Abercromie & Fitch Stores Inc. v. Am. Eagle Outfitters, Inc., 280 F.3d 619, 644 (6th Cir. 2002)). Moreover, "a design is functional only if [functional] benefits cannot practically be duplicated through the use of the design." McCarthy § 7:75 (quoting Restatement (Third) of Unfair Competition § 17 cmt. b. (1995)).

Functionality is a factual determination. Ferrari, 944 F.2d at 1246. Evidence of functionality can arise from a trademark owner's statements as to the functionality of the particular configuration in its expired utility patents. TrafFix, 532 U.S. at 30, 34. Advertising that touts a product's utilitarian benefits is not determinative of functionality. Clamp Mfg. Co. v. Enco Mfg. Co., 870 F.2d 512, 517 (9th Cir. 1989). "Whether a feature is functional has no direct bearing on whether it plays a source-identifying role. The functionality analysis should not be conflated with the inquiry into whether the purchasing public associates the dress with a particular source." Clicks Billiards, Inc. v. Sixshooters, Inc., 251 F.3d 1252, 1260 (9th Cir. 2001).

Under the Lanham Act, "any matter that, as a whole, is functional," is not entitled to trademark protection. 15 U.S.C. § 1052(e)(5). Although there is a "strong" legal inference that "features" of a utility patent "are functional", a manufacturer can obtain trademark registration "to protect arbitrary incidental or ornamental aspects or features of a product found

in the patent claims, such as arbitrary curves in the legs or ornamental pattern painted on the spring" if "these aspects do not serve a purpose within the terms of the utility patent." TrafFix, 532 U.S. at 54 (emphasis added). The "Lanham Act does not exist to reward manufacturers for their innovation for creating a particular device; that is the purpose of the patent law and its period of exclusivity." Id.

As to the availability of alternative designs, the Sixth Circuit explained that

> "[W]here the design is functional under the Inwood formulation there is no need to proceed further to consider if there is a competitive necessity for the feature." [Inwood, 532 U.S.] at 33. The [Supreme] Court went on to say that "[t]here is no need . . . to engage . . . in speculation about other design possibilities . . . which might serve the same purpose" where functionality is established. Id.
>
> * * *
>
> The traditional Inwood test for functionality is the main rule, and if a product is clearly functional under Inwood, a court need not apply the competitive-necessity test and its related inquiry concerning alternative designs."

Antioch, 347 F.3d at 155, 156 (quoting in part Inwood, 532 U.S. at 33).

Applying these principles of functionality, the Court concludes that the curved legs of Fuji's line guides were features of Fuji's expired utility patents. The legs at issues were features in Fuji's '027, '684 and '504 utility patents. The structure of the legs in these utility patents are prominently mentioned. Fuji's statement in its '504 utility patent in its

"What is claimed is" section referred to a "plurality of legs having feet structurally adopted to be secured to the rod." In its '488 utility patent, Fuji stated:

> In general, a line guide ring has supporting legs protruding from both sides of a metallic guide ring; said legs being provided at their lower ends with horizontally extending fixed legs.
>
> Accordingly, even though a line guide ring of this type if formed of a sturdy material capable of landing a big fish, such a ring cannot withstand a force applied laterally; therefore, it is not employed. In order to overcome such a defect, some methods have been presented to attach the two fixed legs in the front and in the rear to each side of the fishing rod in such a way that the rod is sandwiched therebetween.
>
> These methods afford a somewhat improved strength counteracting a force applied laterally, but a reduced strength counteracting a force applied in the vertical direction.
>
> SUMMARY OF THE INVENTION
>
> The present invention relates to a line guide ring for fishing rods, more particularly to a line guide ring capable of withstanding a heavy load applied by way of a fishing line, and has for its object to overcome the aforesaid defect and thereby provide a strong resisting force with respect to a laterally applied force.

(Defendants' Exhibit No. 52 at 4) (emphasis added).

In addition, in its 1998 patent application, Fuji cited as "important" the design of legs avoiding "line entanglement":

> Among these performances, it is important that the line entanglement is readily be coped with. There have

> been many attempts therefor. As one of these attempts, there is such an approach that a bridge is provided to extend downwardly from an upper portion or an intermediate portion of a frame portion in a butt direction, and the fishing line that has been entangled around the line guide ring is caused to slide by the bridge.

(Defendants' Exhibit No. 54 at 7). Any aesthetic feature of the legs of Fuji's line guides is incidental to the legs' core function as reflected in Fuji's '027 utility patent.

> And since the guide device can be manufactured requiring only a few process steps and has a relatively small number of parts, the device can be economically manufactured on a mass production scale. Lastly, the guide device can be easily handled because the device is light in weight and has an aesthetic appearance.

(Defendants' Exhibit No. 18 at 227) (emphasis added).

Fuji's statements in its utility patent papers refer to the strength of the curved legs, the ability of the curved legs to reduce line entanglement, and the ability to manufacture "in a quite simple manner" line guides more efficiently without other processes. The latter factor clearly impacts costs of production. Although Fuji's patents referred to the ring, the Court concludes that the curved legs are integral "features" that enhance the performance of the ring. Fuji's advertisements refer to the strength of its line guides for which the curved legs are essential. See, e.g., Plaintiff's Exhibit Nos. 184 and 185. In addition, Fuji's proof reflects market recognition of the functional aspects of Fuji's line guides: in 1976, the Rodcrafters Journal reported that Lew Childre had discontinued one of Fuji's "famous" line guide models and

"[i]n its place . . . proudly introduced the new Fuji model NHG. Dramatically different in design, it combines strength at no increase to weight . . . greater strength is provided by the curved (the famous arch) rather than straight-leg bracing. The guide, as is true of all Fuji models, is of one piece, thereby eliminating any possible weak connections." (Plaintiff's Exhibit No. 261 at 3-4).

Under TrafFix Devices, such facts are strong evidence of the guides' functionality. From these facts, the Court concludes that the legs are essentially functional and the added efficiencies from the use of curved legs impacts the cost of producing the line guide. The Court finds that the functional superiority of the curved legs are in all likelihood why purchasers prefer Fuji. Under Antioch Co., with this conclusion, the Court does not need to analyze the evidence of alternative designs.

To be sure, Fuji submitted expert proof on functionality. Absent the presence of the legs as key features in its expired prior utility patents, the Court would find Dr. Pond's expert opinion testimony more persuasive than Dr. Skelton's testimony on the functionality issue. Yet, given TrafFix Devices' reference that the presence of the disputed features in an expired utility patent is strong evidence of functionality and given Fuji's statements in its patent papers that the legs served a functional purpose, with any aesthetics being a byproduct, the Court concludes these facts outweigh the divided expert testimony on the functionality of Fuji's line guides.

For these collective reasons, the Court concludes that the curved legs of Fuji's four line guides are wholly functional and thus are not entitled to continued trademark protection. With this conclusion, Fuji's claims for its registered marks and

trade dress fail. A trademark registration may thus be canceled on the grounds of functionality. See Mech. Plastics Corp. v. Titan Techs., Inc., 823 F. Supp. 1137, 1150-51 (S.D.N.Y. 1993) (ordering cancellation on grounds of functionality pursuant to 15 U.S.C. § 1064 and 15 U.S.C. § 1071(b)(1)).

At oral argument, Fuji insisted that its claims are the same as the plaintiff's claims in Gibson Guitar v. Paul Reed Smith, 311 F. Supp. 2d 690 (M.D. Tenn. 2004). The Court respectfully disagrees for several reasons. First, Gibson did not involve products or features that were covered by an expired utility patent. Under Traffix Devices, because the legs of Fuji's line guides were features of a utility patent, that fact is strong evidence of functionality. 532 U.S. at 29-30. Second, Gibson involved an incontestible trademark that is entitled, as a matter of law, to strong protection and may not be subject to a functionality challenge. Gibson, 311 F. Supp. 2d at 717. Third, the arrangement of the knobs and shape of the guitar at issue in Gibson were not wholly functional, but were aesthetic.

For Fuji's claim for its incontestible "HARDLOY" trademark, the undisputed facts show Amtak violated that mark. Amtak asserts the nominative use defense that has three elements: (1) Plaintiff's product must be one not readily identifiable without use of its trademark; (2) only so much of the mark may be used as is reasonably necessary to identify the product; and (3) the defendant must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the plaintiff. See Paccar Inc. v. Telescan Techs., 319 F.3d 243 (6th Cir. 2003). Yet in Paccar, the Sixth Circuit clearly stated: "This Circuit has never followed the nominative fair use analysis, always having applied the Frisch's Restaurants test. We are not inclined to adopt the Ninth Circuit's analysis here." Id. at 256. Given these statements and the fact that Fuji's "HARDLOY" mark is an

incontestible mark entitled to stronger protection, the Court declines to recognize Amtak's nominative fair use defense, as a matter of law.

As to Fuji's state law claims, the Tennessee Trademark Act of 2000 provides a remedy for infringement of registered marks under the Act. Tenn. Code Ann. § 47-25-512. Tennessee trademark law closely tracks federal trademark law. See Tenn. Code Ann. §§ 47-25-514 and 47-25-518. Tennessee trademark statutes "provide a system of state trademark registration and protection substantially consistent with the federal system of trademark registration and protection under the Trademark Act of 1946, as amended." Id. The statute provides remedies consistent with, and providing no more than, the remedies set forth under the federal Lanham Act. See Tenn. Code Ann. § 47-25-514. Fuji has not shown a Tennessee state trademark registration for the four line guides at issue.

A common law trademark claim under Tennessee law arises where the subsequent user's use of the same or similar mark would create a likelihood of confusion among consumers. Men Of Measure Clothing, Inc. v. Men Of Measure, Inc., 710 S.W.2d 43, 47 (Tenn. Ct. App. 1986). In analyzing likelihood of confusion, the same test applies under both federal and Tennessee law; namely, analysis of the factors set forth in Frisch's Restaurant, Inc. v. Shoney's Inc., 759 F.2d 1261, 1265 (6th Cir. 1985). See Men Of Measure, 710 S.W.2d at 47 (citing Frisch's Restaurants, Inc. v. Elby's Big Boy, Inc., 670 F.2d 642 (6th Cir. 1982)).

The Frisch's Restaurants factors do not apply to functional products. With the Court's conclusions on Fuji's federal claims, the Court concludes that except for its

"HARDLOY" incontestible mark, Fuji's state law claims for its federally registered marks likewise fail.

—Plaintiff is entitled to injunctive relief given Amtak's continued use of Fuji's "HARDLOY" mark after Plaintiff requested cessation of Amtak's use of that mark. Please has not shown any damage for Amtak's violations of its "HARDLOY" mark, but has instead elected to recover statutory damages as provided under the Lanham Act, which provides:

> In a case involving the use of a counterfeit mark (as defined in section 1116(d) of this title) in connection with the sale, offering for sale, or distribution of goods or services, the plaintiff may elect, at any time before final judgment is rendered by the trial court, to recover, instead of actual damages and profits under subsection (a) of this section, an award of statutory damages for any such use in connection with the sale, offering for sale, or distribution of goods or services in the amount of --
>
> > (1) not less than $500 or more than $100,000 per counterfeit m ark per type of goods or services old, offered for sale, or distributed, as the court considers just; or
> >
> > (2) if the court finds that the use of the counterfeit mark was willful, not more than $1,000,000 per counterfeit mark per type of goods or services sold, offered for sale, or distributed, as the court consider just.

15 U.S.C. § 1117(c). In order to receive damages for "willful" counterfeiting, the plaintiff has the burden of demonstrating to

the court that such acts of infringement were committed wilfully. Id. Additionally, a district court is empowered to award costs and attorneys' fees in "exceptional cases". 15 U.S.C. § 1117(a). Courts have wide discretion in awarding statutory damages, as such damages serve not only to compensate damages plaintiffs, but to deter future infringement as well. Microsoft Corp. v. Compusource Distribs., Inc., 115 F. Supp. 2d 800, 811 (E.D. Mich. 2000) (citing Chi-Boy Music v. Charlie Club, Inc., 930 F.2d 1224, 1229 (7th Cir. 1991)).

Here, the Court concludes that given the isolated incident of Amtak's use of Fuji's "HARDLOY" incontestable trademark on its website that did not generate any proven sales a statutory damage award of $5,000.00 is appropriate to deter any display of that mark on Amtak's website.

An appropriate Order is filed herewith.

It is so **ORDERED**.

Entered this the 22nd day of April, 2005.

/s/
WILLIAM J. HAYNES, JR.
United Stated District Judge

No. 06-722

Supreme Court, U.S.
FILED
JAN 26 2007
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In The Supreme Court of the United States

FUJI KOGYO CO., LTD.,

Petitioner,

v.

PACIFIC BAY INTERNATIONAL, INC.; BATSON ENTERPRISES, INC.; AMTAK LIMITED,

Respondents.

On Petition For Writ Of Certiorari To The Supreme Court Of The United States

BRIEF IN OPPOSITION

*HUGH F. BANGASSER, ESQ.
THERESA L. KEYES, ESQ.
KIRKPATRICK & LOCKHART PRESTON GATES ELLIS LLP
925 Fourth Avenue, Suite 2900
Seattle, Washington 98104
(206) 623-7580

Attorneys for Respondent Pacific Bay International, Inc.

*MARK J. PATTERSON, ESQ.
EMILY A. SHOUSE, ESQ.
WADDEY & PATTERSON
1600 Division Street, Suite 500
Nashville, Tennessee 37203
(615) 242-2400

Attorneys for Respondent Batson Enterprises, Inc.

*KENT E. KRAUSE, ESQ.
BREWER, KRAUSE, BROOKS, CHASTAIN & BURROW
P. O. Box 23890
Nashville, Tennessee 37202
(206) 623-7580

Attorneys for Respondent Amtak Limited

**Counsel of Record*

COCKLE LAW BRIEF PRINTING CO. (800) 225-6964
OR CALL COLLECT (402) 342-2831

COUNTERSTATEMENT OF QUESTIONS PRESENTED

This is a product configuration trade dress case correctly decided after a fact-intensive inquiry related to the functionality of the fishing line guide leg designs at issue. In accord with federal appellate and United States Supreme Court precedent, the district court weighed the totality of the evidence presented at trial. It concluded that the curved leg designs were primarily functional and, thus, any alleged trade dress rights were unenforceable. The United States Court of Appeals for the Sixth Circuit properly reviewed for clear error that totality of the evidence of functionality, and affirmed.

None of Petitioner's Questions Presented is raised by the decisions below. The issues in this case involve only questions of evidence and factual findings, and are particular only to these parties. Petitioner's Questions Presented were not preserved, and a plain reading of the opinions below dispels Petitioner's mischaracterization of those opinions and its efforts to create fictional legal issues. Notwithstanding Petitioner's Questions Presented, Petitioner's arguments seek a re-weighing of the evidence that is precluded by the "clear error" standard of review. This Court should not exercise its discretionary review because the issues in this case do not warrant it. With that caveat, Respondent reframes the Question Presented as follows:

1. Whether a conflict of authority has been created as a result of the Sixth Circuit's affirmance after a review for clear error of the district court's finding of functionality based on the totality of the evidence?

RULE 24(1)(b) AND 29.6 STATEMENTS

The caption contains the names of all parties that appeared in the Sixth Circuit. *Pacific Bay International, Inc.* has no parent company nor does any publicly held company own 10% or more of its stock. *Batson Enterprises, Inc.* has no parent company nor does any publicly held company own 10% or more of its stock. *Amtak Limited* has no parent company nor does any publicly held company own 10% or more of its stock.

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STATEMENT OF THE CASE

Respondents incorporate by reference the statement of facts in the opinions below, and provide the following concise recitation of facts relevant to the Court's consideration of whether to grant certiorari of Petitioner's Questions Presented. Additionally, the Petition included misstatements which Respondents will address throughout this Opposition.

There are four fishing line guide designs at issue in this case to which Petitioner claims product configuration trade dress rights. The alleged trade dress relates only to the curved legs of the fishing line guides, as opposed to the entire guide. Petitioner obtained federal trademark registrations for the leg designs of its model "LV", "SV", and "N" line guides. Petitioner claims common law trademark rights in the leg design of its model "LR" line guide.

Petitioner filed suit against Respondents[1] asserting trade dress infringement related to the supporting legs of Petitioner's LV, SV, N, and LR model fishing line guides. Respondents denied that any of the disputed leg shapes functioned as indicators of source, denied there was any likelihood of confusion, asserted numerous affirmative defenses, and counterclaimed for a declaration that the four designs were functional. As a remedy, Respondents asked the district court to find the alleged trade dress to be unenforceable, and to cancel the three federal trademark registrations.

The district court entered judgment in favor of the Respondents by finding that Petitioner did not own trade

[1] Respondents do not manufacture line guides. They are U.S. importers and resellers of the fishing line guides at issue.

dress rights in any of the four disputed curved leg designs because the designs were functional. The Sixth Circuit reviewed for clear error, and affirmed. The district court weighed the totality of the evidence, and made the factual finding of functionality based on the record evidence at trial, which record evidence included (1) statements and admissions of functionality made by Petitioner in its utility patents; (2) statements and admissions of functionality in Petitioner's printed advertising materials; (3) lay witness testimony; (4) party testimony; and (5) expert testimony. (Pet. App. 6-7, 13)

The utility patents were offered into evidence by the Respondents. During pre-trial and at trial, Petitioner never asserted the necessity of a formal patent claim construction as a prerequisite for the district court's consideration of the patents as probative evidence of functionality. Petitioner never argued that any of the utility patent claims needed to be interpreted in the context of the trade dress infringement case. To the contrary, in the litigation, Petitioner strategically and repeatedly avoided squarely addressing the relevance of the utility patents. Yet, in its advertising, Petitioner touted its utility patents as protecting the new, curved "v-shaped" leg design as being an improvement over the Petitioner's prior straight-legged designs. (*See* JA 660, 675, 293, 666)

Regarding lay witness testimony, Petitioner offered no witness in support of its case other than its own employees or agents. Despite the four line guides at issue being designed by the same two individuals, one of whom was Petitioner's former Patent Manager, neither of those witnesses testified at trial. The employees that did testify for Petitioner, by way of pre-filed written testimony, offered the only direct "evidence" of alleged ornamentality

of the line guide leg designs. The district court allowed into evidence, over objection, thirty-year-old conclusory hearsay evidence that the curvature and attachment points of the line guide legs were selected by the designer solely as an aesthetic choice. (Pet. App. 19, 52) This testimony, along with the testimony that during the development phase for the patented leg designs there were no strength or flexibility tests conducted of the four leg designs at issue, constituted the little evidence offered by Petitioner related to ornamentality – all of which the district court admitted.

Finally, the expert testimony presented by the parties primarily focused on whether the curved leg design was *stronger* than prior straight-legged models. (Pet. for Cert. 3, JA 2300, 2327) This is significant. Petitioner expressly acknowledges in its Petition that "Fuji's expert testified that straight legs were stronger than comparable curved legs and, therefore, *more functional*." (Pet. for Cert. 3) Although Respondents disagreed with the finding regarding the comparable strength of the curved leg design versus straight-legged design, nonetheless, Petitioner's own expert provided additional record evidence of the functionality of the line guide legs. As such, it is a misstatement by Petitioner to assert that "[t]he parties contested *whether* the leg designs were functional, *principally* through the testimony of expert witnesses who differed as to whether curved legs or straight legs were stronger." (Pet. for Cert. 3) The record is replete with evidence of functionality, other than expert testimony, including thousands of pages of exhibits, such as catalogs and advertisements of the line guides at issue, consumer testimony, testimony of the parties, statements and admissions set forth in the utility patents, and the line guides themselves.

Based on the record evidence of functionality, the district court ordered that the three federal trademark registrations be cancelled. The Sixth Circuit affirmed the functionality determination, and followed established precedent that "[f]unctionality in a trademark case is a factual determination reviewed only for clear error." (Pet. App. 7) The Sixth Circuit examined the evidence of functionality for clear error – a standard that does not allow for the re-weighing of evidence – and expressly noted that "[e]ven had [we] been sitting as the trier of fact, [and] would have weighed the evidence differently," "[w]here there are two permissible views of the evidence, the factfinder's choice between them cannot be clearly erroneous." (Pet. App. 20)

The Sixth Circuit reviewed the district court's findings of functionality based on the totality of the record and probative evidence of *de jure* functionality as set forth in *In Re Morton-Norwich Prods., Inc.*, 671 F.2d 1332 (C.C.P.A. 1982). The Sixth Circuit properly concluded that "[t]he opinion of the district court considered various admitted evidence relating to all four of the *Morton-Norwich* factors." (Pet. for Cert. 15) The Sixth Circuit examined the utility patents, advertising materials, availability of functionally equivalent designs, manufacturing processes resulting in a comparatively simple or cheap method to manufacture guides with curved leg designs, testimony of consumer recognition of the functionality of the designs, and evidence of alleged ornamentality. Given the lack of clear error by the district court in finding the line guide leg designs to be functional, the Sixth Circuit properly affirmed.

REASONS FOR DENYING REVIEW

I. THE PETITIONER'S QUESTIONS OF PATENT CLAIM CONSTRUCTION WERE NOT RAISED OR PRESERVED IN THE DISTRICT COURT.

A. Petitioner Never Requested a Formal Claim Construction in the District Court, Thus Failing to Raise This Issue.

"As a general rule, an appellate court will not hear on appeal issues that were not clearly raised in the proceedings below." *Boggs v. West*, 188 F.3d 1335, 1337-38 (Fed. Cir. 1999) (citing *Singleton v. Wulff*, 428 U.S. 106, 120, 96 S. Ct. 2868 (1976), and *quoting Hormel v. Helvering*, 312 U.S. 552, 556, 61 S. Ct. 719 (1941); *see also Walters v. City of St. Louis, Mo.*, 347 U.S. 231, 233, 74 S. Ct. 505 (1954) ("Of course, we will not undertake to review what the [trial] court below did not decide.") "This rule ensures that 'parties may have the opportunity to offer all the evidence they believe relevant to the issues . . . [and] in order that litigants may not be surprised on appeal by final decision there of issues upon which they have had no opportunity to introduce evidence.'" *Boggs*, 188 F.3d at 1337-38.

This Court requires Respondents to bring to its attention questions presented that involve issues considered by the appellate court, but never first raised or decided at the district court. Supreme Court Rule 15.2; *see also Oklahoma City v. Tuttle*, 471 U.S. 808, 815-16, 105 S. Ct. 2427 (1985); *Canton v. Harris*, 489 U.S. 378, 385, 109 S. Ct. 1197 (1989). Here, Petitioner's Questions Presented 1(a) and 1(b) concern patent claim construction never raised at the district court. If Petitioner believed a formal claim construction was necessary, it was required to request a claim construction earlier than on appeal. *See, e.g., Eli Lilly & Co. v. Aradigm Corp.*, 376 F.3d 1352, 1360 (Fed. Cir. 2004) (Defendant waived the

right to request a claim construction because "only after the presentation of all the evidence to the jury did [Petitioner] even suggest that claim construction might be helpful to determine the scope of the claimed invention.")

At trial, Petitioner never asserted that a patent claim construction analysis should be undertaken. Instead, Petitioner side-stepped addressing the claims and other language of the patents by arguing that the patents covered the entire line guide, while this case was limited to a consideration of the appropriateness of trade dress protection for the leg designs. Petitioner never asserted any position at trial as to whether the leg designs were different from or the same as the legs in the expired utility patents. Petitioner instead attempted to focus its argument primarily on the idea that the leg designs were arbitrary and, therefore, ornamental. (JA 2467 at p. 42)

After trial, the district court presented the parties with an outline of issues that it wanted addressed in the proposed findings of fact and conclusions of law to be presented by each party. At no time did the court or any party assert the necessity of a patent claim construction. When the district court tasked the parties with setting forth their proposed findings and conclusions regarding functionality, Petitioner failed to address the utility patents. Conversely, Respondents methodically went through each relevant utility patent, making showings as to the functional attributes of the curved line guide leg designs as probative evidence of their utilitarian advantages.

The Sixth Circuit appropriately recognized that the district court had never been charged with undertaking a patent claim construction. (Pet. App. 24) Because Petitioner

failed to raise and preserve this issue, Petitioner has forfeited this issue as a basis for this Court to accept review.

B. At No Time Did Petitioner Put at Issue Disputed Language in a Claim of a Utility Patent That Might Have Triggered the Need for a Formal Claim Construction.

Not only did Petitioner fail to ask the district court to perform a formal claim construction, Petitioner never identified any dispute as to the meaning of any claim or put forth its own claim construction. Without competing arguments regarding a particular claim of a particular patent needing interpretation and construction, the district court was well within its discretion to read the patents, including the claims, and ascertain the plain meaning of the language as probative of the functionality or alleged ornamentality of the disputed leg designs. *See, e.g., Phillips v. AWH Corp.*, 415 F.3d 1303, 1314 (Fed. Cir. 2005).

Further, the United States Court of Appeals for the Federal Circuit has emphasized that if a patent's intrinsic evidence is unambiguous, claim construction and a resulting analysis of what these claims cover "involves little more than the application of the widely accepted meaning of commonly understood words" to the product or device at issue. *Phillips*, 415 F.3d at 1314. A formal claim construction analysis is only required "when the meaning or scope of technical terms and words of art is unclear and in dispute and requires resolution to determine." *United States Surgical Corp. v. Ethicon, Inc.*, 103 F.3d 1554, 1568 (Fed. Cir. 1997). A finding that a device is covered by the claims of a patent is a question of fact, reviewed only for clear error. *See, e.g., Boss Control, Inc. v. Bombardier, Inc.*, 410 F.3d 1372, 1376 (Fed. Cir. 2005).

The district court was well within its authority to read and apply the language of the intrinsic patent record in evidence (including the claims and specifications of Petitioner's utility patents) to the features of the leg designs at issue. This approach is consistent with several cases (including *TrafFix* itself) examining the relevancy of a utility patent on later-claimed trademark rights, and which cases do not require a separate claim construction analysis. *See, e.g., Marketing Displays v. TrafFix Devices, Inc.*, 967 F. Supp. 953 (E.D. Mich. 1997), *aff'd*, 200 F.3d 929 (6th Cir. 1999), *rev'd*, 532 U.S. 23, 121 S. Ct. 1255 (2001); *Antioch Co. v. Western Trimming Corp.*, 347 F.3d 150 (6th Cir. 2003); *Disc Golf Ass'n, Inc. v. Champion Discs, Inc.*, 158 F.3d 1002 (9th Cir. 1998) (employing a "close examination" of utility patents); *Dippin' Dots, Inc. v. Frosty Bites Distribution, LLC*, 369 F.3d 1197 (11th Cir. 2004); *Berlin Packaging, LLC v. Stull Technologies, Inc.*, 381 F. Supp. 2d 792 (N.D. Ill. 2005).

Because Petitioner never raised a position as to any particular claim needing construction, on this basis alone this Court should not accept review of Petitioner's Questions related to issues of claim construction.

II. THE DECISION BELOW DOES NOT RAISE EACH OF THE QUESTIONS PRESENTED IN THE PETITION.

A. The Sixth Circuit's Doctrine of Equivalents Analysis of the SV and LV Designs Did Not Improperly "Vitiate" a Claim Limitation.

Question 1(a) as presented by Petitioner suggests that the Sixth Circuit created a conflict with Federal Circuit precedent by holding in this case that the "doctrine of equivalents" may be used to vitiate a limitation in a patent

claim. This question is not raised by the Sixth Circuit decision.

In a patent infringement analysis under the doctrine of equivalents, the operative question is whether the accused product contains "elements identical or equivalent to each claimed element of the patented invention." *Warner-Jenkinson Co., Inc. v. Hilton Davis Chem. Co.*, 520 U.S. 17, 39-40, 117 S. Ct. 1040 (1997). Further, courts must ask whether a claim element which is not literally present in the accused device is present in an element in the accused device which "performs substantially the same function in substantially the same way to obtain the same results." *Eagle Comtronics, Inc. v. Arrow Comm. Labs., Inc.*, 305 F.3d 1303, 1315 (Fed. Cir. 2002).

The Sixth Circuit looked to patent law's doctrine of equivalents in comparing the Petitioner's utility patents to the disputed SV and LV line guide designs, determining that "the SV and LV guides can be seen as equivalents" to the legs in Petitioner's U.S. Patent Number 3,690,027 ('027) and U.S. Patent Number 4,215,504 ('504). (Pet. App. 22-23) In this comparison, the Sixth Circuit did not hold that the doctrine of equivalents may be used to vitiate a claim limitation. Instead, the court specifically acknowledged how the SV and LV designs differed from the patents, and recognized that "as a device to assist the finding of functionality," consideration of the doctrine of equivalents "increases the likelihood of finding" that the designs are functional. (Pet. App. 23)

In a patent infringement case, the doctrine of equivalents is used to determine whether a patent claim is infringed. Here, the Sixth Circuit did not conclude that Petitioner's SV and LV leg designs "infringed" any of Petitioner's own patents. Instead, the Sixth Circuit (following the

lead of the district court below) considered the existence of Petitioner's utility patents as evidence of functionality of Petitioner's alleged trademarked leg designs.

Petitioner has attempted to create an issue for this Court by framing the question as though this case were a patent case. It is not. It is a trade dress case in which utility patents were but a portion of the evidence of functionality. Because this is not a patent infringement case, Petitioner's suggestions of conflicts raised by the Sixth Circuit's opinion in comparison with other courts' interpretations of certain patent law principles are incorrect and unpersuasive.

The Sixth Circuit was not required to consider and apply the doctrine of equivalents in this case in a manner identical to its application in a patent case. The position that Petitioner took in its utility patents, and in this case, is that its utility patents claimed the complete line guides, not just the legs. However, just because the legs are not claimed separately does not mean that they are not probative of functionality. Had Petitioner desired to identify in its utility patents a non-functional feature of its line guides so as to reserve a right to protect that feature under trade dress principles, it could have done so by making such a statement in the patent specification. Petitioner has not identified any such statement in its briefing to the district court, to the Sixth Circuit, or to this Court.

In a patent infringement case, an accused product would need more than just the claimed legs to be "infringing" – it would have to have all the elements of the claim to infringe the patent. In this case, where trade dress protection is claimed for only a *portion* of a product's useful design, it would be illogical to require a complete correspondence between the limitations in a patent claim

for the *entire* product and the *portion* of the product claimed as trade dress. Thus, it was proper for the Sixth Circuit to use the doctrine of equivalents to compare the portion of the product configuration for which trademark protection was claimed by Petitioner (the legs) with the corresponding portion of the invention (the entire line guide) described and claimed by Petitioner in its utility patents.

Moreover, the Sixth Circuit did not, as Question 1(a) suggests, disavow the "All Elements" rule as applied in patent cases. Rather, the Sixth Circuit readily acknowledged that the SV design differed from the '027 patent in the point of attachment and that the LV design was missing a "third leg" as recited in the '027 patent claim. The Sixth Circuit concluded that given the purpose of the line guide disclosed in the '027 patent, the patent was available as a "device to assist the finding of functionality." (Pet. App. 23) The Sixth Circuit did not say that the LV design infringed the '027 patent – it said that "the patent evidence increases the likelihood of finding that the LV design is also functional." (Pet. App. 23) Such an analysis in a trade dress dispute does not conflict with the All Elements rule as applied in patent cases to prevent vitiation of a claim element.

Thus, the Sixth Circuit's analysis of this case did not improperly vitiate a claim element, nor did it raise any question of interpretation or application of the All Elements rule as a patent doctrine.

B. The Sixth Circuit Did Not Hold that Unclaimed Features Shown in Patent Drawings Are Per Se Ineligible for Trademark Protection.

The Sixth Circuit did not limit its analysis by looking only to the drawings of the '027 and '504 patents when

reviewing for clear error the district court's finding of functionality of the leg designs of the N and LR guide.

Question 2 presented by Petitioner asserts that the Sixth Circuit relied only on its subjective view of the drawings, rather than the language of the patents, when reviewing the patent evidence related to the functionality of the N and LR leg designs. (Pet. for Cert. 15) Even a cursory reading of the Sixth Circuit's opinion reveals that Petitioner is simply wrong. After making that assertion, Petitioner then curiously quotes a lengthy section of the court's opinion showing the Sixth Circuit's review of the utility patents went well beyond merely looking to the patent drawings. (*See* Pet. for Cert. 14, *quoting* Pet. App. 9-10)

The Sixth Circuit specifically states in its analysis that it considered the patent disclosures, specifications, preferred embodiment of the inventions, and the disclosure of the method, manner and process outlined in the patents. (Pet. App. 8-9) In fact, the Sixth Circuit quotes 35 U.S.C. § 112 in its analysis and states as follows:

> Importantly, grant of a patent requires *disclosure* of a *specification* that can be copied by future imitators:
>
> > 'The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same, and shall set for the best mode contemplated by the inventor of carrying out his invention.' 35 U.S.C. § 112.

(Pet. App. 8)

The Sixth Circuit expressly noted that it looked to the patent specifications – and a patent specification by definition includes the text of the patent and not simply the drawings. Although both lower courts included relevant patent drawings in the opinions, there is not a single express reference to the drawings in the Sixth Circuit's analysis that would lead one to conclude that the court relied only on its subjective view of the '027 and '504 drawings as being probative of functionality. To the contrary, the Sixth Circuit noted that "a court may not prevent an individual skilled in the art of line guide manufacture from duplicating the *specification disclosed* in either the '027 or '504 patent and creating guides identical to the N and LR models" once the patents had expired. (Pet. App. 9, *citing* 35 U.S.C. § 112) (emphasis added)

Petitioner's Question Presented 2 is predicated on an obviously false premise about what the Sixth Circuit did, and that question falls woefully short of articulating a basis in law or fact for this Court to grant certiorari.

C. Evidence of the Alleged Ornamentality of the Line Guide Leg Designs Was Considered.

Petitioner asserts that the district court and the Sixth Circuit failed to consider the alleged ornamentality of the line guide leg designs.[2] (Pet. for Cert. 19, 21) Petitioner's

[2] In *TrafFix*, the court recognizes that "where a manufacturer seeks to protect arbitrary, incidental, or ornamental aspects of features of a product found in the patent claims, such as arbitrary curves in the legs . . . the manufacturer could perhaps prove that those aspects do not serve a purpose within the terms of the utility patent." 532 U.S. 23, 34, 121 S. Ct. 1255 (2001).

Question Presented 3 is entirely premised upon a misstatement of fact regarding the evidence of ornamentality that was admitted and considered. Additionally, at no time did Petitioner ever assert as an issue on appeal that the district court committed clear error in its consideration of alleged ornamentality of the leg designs, nor could it.

Petitioner frames the issue as if the courts below did not consider evidence of ornamentality, but then recites verbatim the Sixth Circuit's discussion of the evidence of ornamentality admitted and considered by the district court. (Pet. for Cert. 21, *quoting* Pet. App. 19-20) Petitioner then turns around and ignores its own wrong assertion, and instead argues for a re-weighing of the evidence admitted and considered by the lower courts. Even the Petitioner is unable to frame an argument in support of its own false premise.

Petitioner's evidence of the alleged ornamentality of the leg designs failed to satisfy any burden of proof when weighed against the totality of the record evidence of functionality. Petitioner offered its evidence of ornamentality through two employee witnesses, Mr. Yamamoto and Mr. Goto. The pre-filed written direct testimony of these witnesses constituted the totality of Petitioner's evidence of ornamentality – which evidence was not only scant, but based primarily on thirty-year-old hearsay evidence, admitted over objection, regarding conclusory statements of the inventor's preference.[3] The Sixth Circuit accurately summarized the entire scope of Petitioner's evidence of

[3] Mr. Ohmura, Petitioner's designer of the line guide legs at issue, was never called by Petitioner as a witness at trial, and was never made available for a deposition.

ornamentality, and the district court's weighing of that evidence, as follows:

> The district court weighed the evidence at trial and concluded that the product designs were functional. Fuji attempted to show that its trademarked legs' shape was 'ornamental, incidental, or arbitrary.' Mr. Goto testified for Fuji that the trademarked curves 'were selected based on aesthetics or an ornamental design,' and that 'no calculations were conducted regarding the strength' of the legs. Mr. Yamamoto also opined for Fuji that 'we did not calculate the strength,' the selection criteria was 'Mr. Ohmura's preference.' In contrast, however, Fuji's own marketing materials claimed that its patented designs were light, strong, shock absorbent, and flexible. Given the plain language of *TrafFix*, we cannot say that it was error for the district court to give more weight to the utility patents and Fuji's admissions than to its witnesses, including the experts, on the issue of functionality. The district court's weighing of the evidence is plausible.

(Pet. App. 19-20)

The district court admitted, considered and weighed the plausibility of Petitioner's ornamentality evidence, including the credibility of the witnesses, when making its finding of functionality. In fact, the district court specifically found that "given Fuji's statements in its patent papers that the legs served a functional purpose, with any aesthetics being a byproduct, the Court concludes these facts outweigh the divided expert testimony on the functionality of Fuji's line guides." (Pet. for Cert. 4) Under the clear error standard of review, the Sixth Circuit was precluded from re-weighing that evidence, and appropriately affirmed.

The Sixth Circuit expressly noted "[t]he district court was charged with weighing the evidence in this case and making a determination by a preponderance of the evidence. We cannot say that the court's conclusion was erroneous and certainly not clearly erroneous." (Pet. App. 13)

Petitioner's Question Presented 3 provides no basis in law or fact warranting this Court to exercise its discretionary review.

III. THERE IS NO INTER-CIRCUIT OR SUPREME COURT CONFLICT ON THE QUESTIONS PRESENTED.

Petitioner fails to articulate or identify, beyond a mere passing reference, any alleged conflict with federal appellate or Supreme Court precedent resulting from the Sixth Circuit's Opinion below.[4] Not once does Petitioner set forth with even minimal specificity a legal issue needing resolution by this Court on review related to conflicting or divergent approaches. Petitioner makes conclusory assertions in this regard, but then essentially reargues the evidentiary case below. Petitioner is unable to make any showing that the Sixth Circuit has adopted an approach other than being consistent with reviewing for clear error the totality of evidence of functionality of the disputed trade dress.

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[4] Petitioner refers to the case of *Vornado Air Circulation Systems, Inc. v. Duracraft Corp.*, 58 F.3d 1498 (10th Cir. 1995), in its Summary of the Argument (Pet. for Cert. 6), but then fails to address that case substantively within its Petition for Certiorari.

A. The Sixth Circuit's Consideration of the Doctrine of Equivalents as a Factor in Evaluating Functionality Did Not Create a Conflict with Federal Circuit or Supreme Court Precedent.

The Sixth Circuit did not make any holdings in this trade dress infringement case concerning the proper interpretation of patent claims in a patent infringement case. Petitioner offers only conclusory arguments that the Sixth Circuit has diverged from an existing canon of patent law with respect to the doctrine of equivalents and the All Elements rule. Petitioner has not identified any holding or result established in this case by the Sixth Circuit, or by the district court, where new law is made with respect to claim interpretation in a patent context. It simply did not occur in this case. As such, this case presents no conflict between the ruling of the Sixth Circuit and existing Federal Circuit jurisprudence.

B. There Is No Authority Requiring a District Court to Undertake a Patent Claim Construction Analysis in a Product Configuration Trade Dress Case Before Making a Finding of Functionality.

The test to determine whether a product configuration is *de jure*[5] functional includes:

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[5] "*De jure* functionality means that the product has a particular shape 'because it works better in this shape.'" *Valu Engineering, Inc. v. Rexnord Corp.*, 278 F.3d 1268, 1274 (Fed. Cir. 2002) (*quoting In re R.M. Smith, Inc.*, 734 F.2d 1482, 1484 (Fed. Cir. 1984)). Unlike *de facto* functional features which may be entitled to trademark protection, *de jure* functional features are not. *Id. See also Black & Decker, Inc. v. Hoover Serv. Ctr.*, 886 F.2d 1285, 1291 (Fed. Cir. 1989).

> (1) the existence of a utility patent disclosing the utilitarian advantages of the design; (2) advertising materials in which the originator of the design touts the design's utilitarian advantages; (3) the availability to competitors of functionally equivalent designs; and (4) facts indicating that the design results in a comparatively simple or cheap method of manufacturing the product.

Valu Engineering, 278 F.3d at 1274 (*citing Morton-Norwich*, 671 F.2d at 1340-41). As set forth above, a utility patent is simply one factor to be considered when evaluating functionality in a trade dress case. As noted by the Sixth Circuit, the district court considered evidence relating to all four *Morton-Norwich* factors. (Pet. App. 15)

There is no logical or legal need, or requirement, under *TrafFix* or Federal Circuit precedent for a rigorous application of patent claim construction standards and procedures in trade dress disputes. Unlike the situation in a patent infringement case, interpreting and applying a patent claim is not the sole basis for assessing functionality in the context of a trade dress infringement case. *See Morton-Norwich*, 671 F.2d at 1340-41.

In a trade dress case, functionality is a factual inquiry which includes consideration of relevant utility patents, not merely the claims, along with other non-patent evidence. *Morton-Norwich*, 671 F.2d 1332. Due to the important public notice function of patent claims, claim interpretation in a patent infringement case is a pure question of law based primarily on intrinsic evidence. *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 979 (Fed. Cir. 1995) (en banc), *aff'd*, 517 U.S. 370, 116 S. Ct. 1384 (1996). This serves to reinforce the lack of a need or requirement for a rigorous application of patent claim

construction standards and procedures in trade dress disputes. Also unlike a patent case, a plaintiff in a trade dress infringement case is entitled to prove non-functionality of disputed trade dress even if the trade dress feature is found in a patent claim either literally or by equivalents. *TrafFix*, 532 U.S. at 29.

Petitioner argues that the Sixth Circuit has upset the balance struck by *TrafFix* in how patent evidence is to be considered when the product feature is claimed in a patent versus when the product feature is mentioned but not claimed. (Pet. for Cert. 12) However, nothing in the Sixth Circuit's opinion discusses such a distinction and Petitioner fails to cite to any specific statement which upsets this "balance." The Sixth Circuit stated:

> The patents in this case were probative evidence, *see* Fed. R. Evid. 401, and *the district court, as the trier of fact, could credit or discount the patent evidence* by considering the likelihood that various features of the trademarked designs were claimed in any of the patents.

(Pet. App. 25) (emphasis added)

Petitioner never asked the district court to perform a formal claim construction nor did Petitioner ever put forth its own claim construction. Without a request or competing claim constructions from the parties, the court was well within its discretion to read the claims and ascertain their plain meaning, as well as to consider other statements in the relevant patents, as they related to the functionality of the disputed leg designs. There is no conflict between the existing law and the holding in this case.

C. No Conflict of Authority Has Resulted From the Sixth Circuit's Review For Clear Error the Totality of the Evidence of Functionality and Affirming the District Court.

The Sixth Circuit did not make any holdings in this product configuration trade dress case that diverged from weighing the totality of the evidence under the *Morton-Norwich* factors regarding functionality under the clear error standard of review. As previously set forth, Petitioner's Questions Presented 2 and 3 are predicated on false premises.

Contrary to Petitioner's assertions, a reading of the opinions below shows that both the trial court and the Sixth Circuit looked to more than just the patent drawings of the utility patents, and in fact considered all of the ornamentality evidence. This is wholly consistent with *Morton-Norwich*, and consistent with Petitioner's own assertion that courts are to consider evidence of ornamentality in the context of a functionality determination. Petitioner again offers only conclusory arguments that the Sixth Circuit has diverged from an existing law, but then fails to identify any holding or result established in this case by the Sixth Circuit, or by the district court, where new law has been made with respect to a finding of functionality.

IV. THE SIXTH CIRCUIT CONSIDERED THE TOTALITY OF THE EVIDENCE UNDER THE APPROPRIATE CLEAR ERROR STANDARD WHEN REVIEWING THE DISTRICT COURT'S FINDING OF FUNCTIONALITY.

Petitioner devotes a substantial portion of its argument, including the last two pages of its Petition, to rearguing the record evidence of functionality. Petitioner maintains the Sixth Circuit's consideration of evidence of functionality, other than the utility patents, was without substance. This discussion seems to have little to do with any of the Questions Presented. In any event, Petitioner is incorrect.

The record below is replete with evidence of functionality, and the Sixth Circuit properly recognized that functionality is a question of fact reviewed for clear error. (Pet. App. 6-7, 13, 19-20); *see also Ferrari S.P.A. Esercizio Fabriche Automobile E. Corse v. Roberts,* 944 F.2d 1235, 1246 (6th Cir. 1991); *Market Masters, Inc. v. Clinician's Choice Dental Prods.,* 99 Fed. Appx. 677, 682 (6th Cir. 2004).

A. Petitioner's Patents Disclosing the Utilitarian Advantages of the Curved Line Guide Leg Designs.

The district court and the Sixth Circuit discussed the evidence of Petitioner's preexisting utility patents that described the advantages of the curved line guide leg designs.

Petitioner's inventor, Mr. R. Ohmura, initially sought utility patent protection for the curved leg designs in the U.S. and several foreign jurisdictions.[6] Between 1972 and

[6] At trial, Respondents offered into evidence certain foreign patents owned by Petitioner that included numerous statements and

(Continued on following page)

1980, Petitioner obtained utility patents that set forth statements and descriptions regarding the disputed leg designs. (JA 1823, 1827, 1666, 1718) Contained in the utility patents are Petitioner's admissions of the functional nature of its leg designs. While these admissions were set forth in more detail at the district court, a small subset of Petitioner's admissions in its patents include the following:

(i) twisting the legs of its line guides increases the mechanical strength of the guide ('504 patent, JA 1827; *see also* U.S. Patent Number 4,176,488 ('488), JA 1823; JA 2277-81, 2283);

(ii) the legs of its line guides are bent (i.e., curved) and twisted "to cope with a force applied horizontally by a fishing line, and not to apply an impact force directly to the fixing ring . . . [a] main characteristic feature of the present invention lies in that the rear supporting legs are . . . inwardly twisted by 90 degrees." (JA 1825);

(iii) "the support legs are twisted toward the guide ring, and hence, have an effect in smoothly directing the line toward the guide ring" to avoid line entanglement (JA 1825);

(iv) "the legs . . . shield the [ring structure] against impacts during use of the rod" (JA 1827) ("the resulting impact is received and

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admissions regarding the functionality of the same curved leg line guide designs at issue in this case. During trial, the district court reserved ruling on the admissibility of the foreign patents, but later ruled in its Memorandum Opinion that they were inadmissible. The foreign patents offered into evidence by Respondents included Petitioner's Japanese and Great Britain patents. (JA 2211, 2212, 2213, 2215, 2145, 2151, 2199, 2208, 2202, 2205)

absorbed by the bifurcated legs . . . which are per se resilient."); (*see also* JA 1823); and

(v) regarding low production costs, Petitioner's patents state that its line guides are "integrally formed by stamping and bending a piece of sheet metal" and are manufactured "in quite an economical manner requiring a very few number of processing steps." (U.S. Patent Number 3,780,684 ('684), JA 1718; '027 patent, JA 1666; *see also* JA 660, 675)

The evidence before the district court established that Petitioner's utility patents disclosed utilitarian advantages of the curved leg design, i.e., the weight of the evidence showed that the line guide leg designs were not arbitrary and served a useful purpose. The first *Morton-Norwich* factor was therefore met. 671 F.2d at 1340.

B. Petitioner's Advertising Materials Touting the Utilitarian Advantages of the Line Guide Leg Designs.

As discussed at length by the district court and the Sixth Circuit, Petitioner's own advertisements and public statements concede and, in fact, tout the functionality of the disputed leg designs both directly and through references to the utility patents described above, as well as to other patents, applying to these designs. (JA 58-9, 66-7, 75, 103; 293, 660, 666, 675, 1841)

- Petitioner distributed a "V" Frame Victory Design advertisement promoting the curved leg designs of the LV and SV guides from 1982 through the mid-1990s. In that advertisement, Petitioner highlighted and distinguished the curvature of the legs of

the LV and SV designs from their straight-leg predecessors and promoted the functional improvements of the line guide designs, such as their "superlightness and strength," flexibility, reduced air resistance and reduced bulk. (JA 662)

- Petitioner's other advertising described the curved legs of the LV and SV of the frames as an "arched V-frame" or "high V frame," asserted that these frames are stronger frames, and for this and other reasons a "much better buy" for consumers and "strong yet flexible." (JA 531; JA 703, 555, 561, 564-92, 679-85, 690, 692, 704, 708, 711, 713, 715, 717, 743, 744, 759, 761, 763, 765-82, 789)

- The N guide with its concave curved leg design (also found on the LR design) similarly was promoted as having a brand new look in guide construction with a unique one piece three-legged design. (JA 77, 677-78) That design was promoted as providing greater strength and flexibility than competitors' designs. (JA 616-17)

- From its initial introduction, Petitioner's advertising for the LR design touted that design as "light, strong, [and] flexible." (JA 674) Subsequent advertising promoted the LR's flexibility and shock absorbing capabilities including graphics about the benefits of the legs. (JA 672)

As the district court held, Petitioner's advertising and public statements also repeatedly asserted the functionality of the disputed leg designs by references to the applicability of the '027, '684, '488 and '504 utility patents, as well as other patents to those designs.

- In its "V-Frame Models" advertisement for the LV and SV line guides, Petitioner referenced the '027 utility patent as applying to these designs. (JA 670, 675) In other advertising for those guides in catalogs from 1982 through at least 2002, Petitioner repeatedly listed the LV and SV designs as subject to a "Patented V-Frame Design." (JA 293)

- In correspondence with competitors and distributors regarding the manufacture or marketing of guides purportedly similar in appearance to the LV, SV and N guides, Petitioner cautioned that theses guides were subject to the '027 patent. (JA 1898, 2090-92)

- In advertising for the N and LR designs, Petitioner specifically referenced the '488, '504 and '027 utility patents as well as other patents. (JA 675). In other advertising, Petitioner touted the LR model's "new shock absorbing frame pat. construction." (JA 672)

Based upon the substantial record evidence before it, including those exhibits offered and admitted into evidence by Petitioner, the district court properly found that "Fuji's advertisements refer to the strength of its line guides for which the curved legs are essential." (Pet. App. 97) Those features in the words of Petitioner's advertisements and other public statements clearly evidence Petitioner's belief that the disputed leg designs affect the quality of those guides. (*Id.*; JA 674; *see also* JA 123, 125, 127, 130-31, 139)

C. No Suitable Alternative Designs to Petitioner's Curved Line Guide Legs.

The third *Morton-Norwich* factor is "the availability to competitors of functionally equivalent design." 671 F.2d at 1341. The district court found that both the industry and consumers recognize the functional nature of Petitioner's disputed leg designs. The court found that "Fuji's line guides at issue are considered the industry standard and are associated with particular fishing applications." (JA 47-8, 78) The district court also found that the guides with the disputed leg designs are the "most popular guide styles in the U.S." (JA 44, 79, 2342-43) The court further found that "the functional superiority of the curved legs are [sic] in all likelihood why purchasers prefer Fuji." (Pet. App. 98) The record is replete with evidence supporting the court's findings.

The district court found that customers are very particular in their choice of line guides for particular types of fishing. (JA 79, 2336, 2350, 2342-43, 2325, 2245-46) Customers consider the guide shape in the context of the fishing application – e.g., fly fishing versus boat fishing. (JA 48, 2352-53, 2343) Resellers, including rod manufacturers and custom rod assemblers, select line guides based on consumer preferences for certain guides for different types of fishing. (JA 78, 2336, 2343, 2245-46)

The district court found the Petitioner's line guides, each with curved legs, are used for different types of fishing. (JA 44, 48) For example, the LV guide is a spinning guide; the N guide is a casting guide; and the LR guide is a boat guide. (JA 48, 288-301) In addition to Petitioner's advertising and public statements promoting the disputed leg designs for those particular fishing

applications, Petitioner's resellers, rod manufacturers and custom rod assemblers also promoted the functionality of the disputed leg designs including, for example, the concave V frames and the strength and flexibility of the LV, SV and N guides. (JA 77, *citing* JA 677, 688, 695, 703, 555, 561, 564-92, 679-85, 690, 692, 704, 708, 711, 713, 715, 717, 743, 744, 759, 761, 763, 765-82, 789)

The district court's Memorandum Opinion gives an example of that promotion. "According to Fuji's proof, industry publications recognize Fuji as a leader in rod components." (Pet. App. 67) As the district court specifically sets forth:

> In 1976, the *Rodcrafter Journal* reported that the Lew Childre had discontinued one of Fuji's 'famous' line guide models and "[i]n its place . . . proudly introduced the new Fuji model NHG. Dramatically different in design, it combines strength at no increase to weight . . . greater strength is provided by the curved (the famous arch) rather than straight-leg bracing. The guide, as is true of all Fuji models, is of one piece, thereby eliminating any possible weak connections."

(Pet. App. 67, 97-8, *see also* JA 801, 799) That article expressly states that the new curved legs were stronger than the old straight legs, and also provided a side-by-side comparison of the straight versus curved legs. The article stated: "[t]he new slim profile frames are every bit as significant an improvement as are the ceramics. The two braces to the side of the ring form a concave V (stronger than a straight V) while the center brace forms the other foot." (JA 805)

The district court concluded that "market acceptance of new alternatives for the Petitioner's designs would be difficult." (Pet. App. 68) Since customers have come to expect certain guide designs for use in certain types of fishing applications, manufacturers and rod builders would be very reluctant to switch to new designs for these applications. Industry testimony was that not only would it be difficult to introduce an alternative design within any reasonable time period, but also such alternative designs would likely be perceived as unsuitable for certain applications by customers. (JA 2343-44, 2323)

D. Petitioner's Design Results in a Comparatively Simple or Cheap Method of Manufacturing the Line Guide.

Petitioner's utility patents provide admissions that its designs result in a comparatively simple or cheap method of manufacture of the disputed line guide designs. (JA 1666, 1718) Specifically, the district court found:

> Fuji's statements in its utility patent papers refer to the strength of the curved legs, the ability of the curved legs to reduce line entanglement, and the ability to manufacture 'in a quite simple manner' line guides more efficiently without other processes. The latter factor clearly impacts costs of production . . .
>
> From these facts, the Court concludes that the legs are essentially functional and the added efficiencies from the use of the curved legs impacts the cost of producing the line guide.

(Pet. App. 97-98)

The district court found that the leg shapes of Petitioner's line guides contributed to the cost savings of the invention disclosed in the '027 patent and the '684 patent. Both the '027 patent and the '684 patent state that one object of the invention is to provide a method for producing the line guide in "an economical manner" (JA 1666, 1718), and that the "device can be economically manufactured on a mass production scale." *Id.* This supports a finding of functionality against all of the designs. (JA 1666, 660, 675; *see also* JA 1898, 126-27)

Finally, Petitioner's own witness acknowledged that the shape of the legs can affect manufacturing costs, and that the Petitioner's stamping process not only makes the guide stronger but is also more cost effective. (JA 2246-47) Based on the record evidence, the district court correctly found that the leg designs of the line guides impact the cost of production.

CONCLUSION

For the foregoing reasons, the petition for a writ of certiorari should be denied.

Respectfully submitted,

*HUGH F. BANGASSER
THERESA KEYES
KIRKPATRICK & LOCKHART
PRESTON GATES ELLIS LLP
925 4th Avenue Suite 2900
Seattle, WA 98104
Telephone: (206) 370-7607
Facsimile: (206) 623-7022

Attorneys for Respondent
Pacific Bay International, Inc.

*MARK J. PATTERSON
EMILY A. SHOUSE
WADDEY & PATTERSON
1600 Division Street, Suite 500
Nashville, TN 37203
Telephone: (615) 242-2400
Facsimile: (615) 242-2221

Attorneys for Respondent
Batson Enterprises, Inc.

*KENT E. KRAUSE
BREWER, KRAUSE, BROOKS, CHASTAIN & BURROW
611 Commerce Street, Suite 2600
P. O. Box 23890
Nashville, TN 37202
Telephone: (615) 256-8787
Facsimile: (615) 256-8985

Attorneys for Respondent
Amtak Limited d/b/a American Tackle Limited

**Counsel of Record*

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IN THE

Supreme Court of the United States

FUJI KOGYO CO., LTD.,

Petitioner,

v.

PACIFIC BAY INTERNATIONAL, INC., BATSON ENTERPRISES, INC. and AMTAK LIMITED,

Respondents.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Sixth Circuit

REPLY BRIEF

JAMES A. OLIFF
WILLIAM J. UTERMOHLEN*
DARLE M. SHORT
OLIFF & BERRIDGE, PLC
277 South Washington St.
Suite 500
Alexandria, Virginia 22314
(703) 836-6400

Counsel for Petitioner

*Counsel of Record

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REPLY ARGUMENT

I. The New Legal Doctrines Announced By The Sixth Circuit Could Not Have Been Challenged In Advance At Trial

Respondents contend that petitioner should have requested a formal claim construction at trial in order to be permitted to challenge the Sixth Circuit's application of the doctrine of equivalents in disregard of claim elements. Respondents' contention is a *non sequitur*: there is no relationship between whether a formal claim construction process was undertaken at trial and the Sixth Circuit's announcement of new legal doctrines in order to resolve the appeal. Indeed, one of the apparent purposes of the new legal doctrines was to avoid a direct assessment of claim scope, and thus the applicability of the presumptions set forth in *TrafFix Devices, Inc. v. Marketing Displays, Inc.*, 532 U.S. 23 (2001), which presumptions had been the primary basis of the district court's functionality ruling. Respondents' waiver contention thus fails at the threshold, due to lack of nexus between the trial court proceedings and the issues on which certiorari is sought.

Moreover, petitioner does not argue that the district court's error lay in its failure to conduct a formal claim construction.[1] The principal error of the district court was, instead, its application of the "strong evidence" and "heavy burden" presumptions announced in *TrafFix*, in the absence of a determination that the asserted trademark designs were claimed in the utility patents at issue. Where the designs are not claimed, the *TrafFix* presumptions do not apply. Thus, a

[1] If a formal claim construction had been required, it would have been incumbent on the respondents, not petitioner, to seek such a construction, because the respondents were both the proponents of the relevance of Fuji Kogyo's utility patents and the party having the burden of establishing the functionality of Fuji Kogyo's registered trademarks.

primary basis of petitioner's appeal to the Sixth Circuit was the district court's reliance on a legal principle requiring, as a necessary predicate, a determination of claim scope, where that determination was both not made and, had it been made, could not have concluded that petitioner's designs were claimed. The district court had discretion over how to make the determination, but was not free to apply presumptions without first determining that the basis for such application existed.

II. The Sixth Circuit's Application of the Doctrine of Equivalents is Inconsistent With Federal Circuit and Supreme Court Authority

The respondents do not dispute that the Sixth Circuit's application of the doctrine of equivalents to the LV and SV designs was inconsistent with that doctrine as it is applied by the Federal Circuit in patent infringement cases. Respondents argue, instead, that there was no need for the Sixth Circuit to apply a conventional doctrine of equivalents analysis in a product configuration trademark case. *See* Oppos. Br. at 9-11 & 18-19.

This argument ignores that this Court, in *TrafFix*, made patent claim scope central to the evidentiary significance of utility patents. This Court granted certiorari in *TrafFix* to resolve a split in the circuits "on the issue whether the existence of an expired utility patent forecloses the possibility of the patentee's claiming trade dress protection in the product's design." 532 U.S. at 28. The Court resolved the split by announcing evidentiary presumptions dependent on whether the features asserted as trademarks were *claimed* in the patent asserted to be relevant. *See* 532 U.S. at 29-31 (making six references to the significance of the patent claims). It was implicit in the *TrafFix* decision that where the features are not claimed, then the "strong evidence" and

"heavy burden" presumptions are not applicable.[2] This does not mean that the patent specification could not be, in those circumstances, consulted for whatever evidentiary significance it might have, but it does mean that the utility patent would not be entitled to any special weight (especially not the effectively determinative weight the utility patents were given by the district court).

Modifying the doctrine of equivalents to serve some purpose other than permitting the claims to cover a product that is insubstantially different from the claimed invention would be detrimental to both patent and product configuration law. The only purpose of the doctrine of equivalents is to ensure that substantial copying of a claimed invention is infringement. While it is acknowledged that the existence of such a doctrine makes the scope of patent claims less certain, this is considered the price of giving appropriate incentives for invention. *See, e.g., Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722, 730-32 (2002).

The Sixth Circuit's invocation of the doctrine of equivalents was not for the purpose of giving appropriate incentives to invention, but for the purpose of asserting compliance with the standard set forth in *TrafFix*. However, a patent claim does not cover a product, so as to make the product subject to the *TrafFix* presumptions, if the only way the product can be shoehorned within the claim bounds is by application of a doctrine bearing no relationship to the doctrine of equivalents as defined by this Court and the Federal Circuit. Indeed, the Sixth Circuit's assertion that

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[2] The *TrafFix* decision did not address whether its evidentiary presumptions applied with respect to assertions of registered trademarks, as to which the burden of proving functionality lies on the accused infringer, a situation opposite to that presented in *TrafFix*. Three out of four of the present designs are registered trademarks.

equivalence was present was entirely conclusory, even aside from its conceded vitiation of claim elements. Adoption and use of such an illusory standard, under the guise of the patent "doctrine of equivalents," would introduce into both product configuration trademark law and patent infringement law the standardless flexibility criticized by Justice Bradley:

> Some persons seem to suppose that a claim in a patent is like a nose of wax which may be turned and twisted in any direction, by merely referring to the specification, so as to make it include something more than, or something different from, what its words express.

White v. Dunbar, 119 U.S. 47, 51 (1886).

Neither the Sixth Circuit nor the respondents identify any benefit that would accrue to the law from allowing such a nebulous application of the "doctrine of equivalents" in a product configuration context. The only advantage appears to be the expedient one of allowing trademark infringement defendants, such as the respondents in this case, to avoid being subjected to an analysis of the functionality evidence under the proper legal standard. This Court should grant certiorari to ensure the uniform application of the principles announced in *TrafFix* and to avoid the creation of variant forms of the doctrine of equivalents.

Indeed, if *TrafFix* is to be so applied, it would be better to eliminate the presumptions that were announced in *TrafFix* and to permit functionality to be evaluated on the basis of all the evidence, giving utility patents whatever weight they may be entitled. In a case like *TrafFix*, where the novel aspect of the invention was also the asserted trade dress feature, that weight may be very high. In a case like this one, where functional benefits of the leg curvatures are not addressed in the patents, that weight should be very low.

III. The Sixth Circuit's Refusal to Entertain Trademark Status For the N and LR Designs Based on Their Resemblance to the '027 and '504 Patents is Inconsistent With *TrafFix*

Respondents dispute petitioner's assertion that the Sixth Circuit, inconsistently with *TrafFix*, treated the N and LR designs as ineligible for trademark status based on their resemblance to the patent drawings. The respondents assert that the Sixth Circuit looked to the patent specification as a whole, not just the drawings, although respondents do not explain how the physical resemblance on which the Sixth Circuit relied could be ascertained from something other than the drawings. *See* Oppos. Br. at 11-13.

The Sixth Circuit's error, however, did not depend on whether it looked solely to the drawings or also considered other aspects of the specification. The Sixth Circuit ruled that the N and LR designs were "in the public domain" because of the resemblance of the designs to the preferred embodiments described in the specification (Pat. App. 9-10), without consideration of either the claims or the potential ornamentality of the leg curvatures:

> [W]e note that Fuji's model N guide is nearly identical to the specification disclosed in the '027 patent as the preferred embodiment of its invention. In this case, Fuji has sought to trademark a patent's disclosed specification for a product that is utilitarian and unadorned. On the strength of this identity, the obvious utility of the design, and the method disclosed for fashioning line guides in the '027 patent, this design must be considered now to be

in the public domain.[3] Further, Fuji's LR-type guide is substantially identical to the specification disclosed in the '504 patent. For the same reasons, this design should also be considered in the public domain. When a utility patent expires, "there passes to the public the right to make the machine in the form in which it was constructed during the patent." *Singer Mfg. Co. v. June Mfg. Co.*, 163 U.S. 169, 185 (1896). As an inescapable consequence of this right, a court may not prevent an individual skilled in the art of line guide manufacture from duplicating the specification disclosed in either the '027 or '504 patent and creating guides identical to the N and LR models. *See* 35 U.S.C. § 112. Therefore, based solely upon our understanding of patent law, the district court was justified in cancelling Fuji's '505 registration and dismissing its claims based upon its unregistered LR design.

The Sixth Circuit's assertion that mere physical resemblance of a product to a design disclosed in a utility patent is dispositive of eligibility for trademark status is inconsistent with both *TrafFix* and the relationship between patent and trademark law. In *TrafFix*, this Court ruled that a design that was both disclosed in a patent and claimed might nonetheless be eligible for use as a trademark if it included arbitrary, incidental or ornamental aspects, "such as arbitrary curves in the legs." 532 U.S. at 34. Because the Sixth Circuit considered the N and LR designs to be per se ineligible for trademark use, it never reached the issue of whether the curvature of the legs used in those designs (or

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[3] The Sixth Circuit did not explain what it meant by "the obvious utility of the design." While the line guides disclosed in the '027 patent could be stamped out of a single sheet of metal, that was also true of a variety of other leg curvatures that were not the same as those used in the N line guide. *See* JA 2242, 2297-98, 2305.

the LV or SV designs, for that matter) could be considered arbitrary or ornamental.

The Sixth Circuit's focus on the "dedication to the public" that occurs upon the expiration of a utility patent was unduly myopic. What expires with a patent is the right to exclude that is bestowed on the inventor for creation of an innovation and disclosure of that innovation to the public. The expiration of the patent frees the public from that limitation, but it has no effect on any limitations on the ability of the public to utilize the invention that may arise from other sources. For example, if a claimed device is subject to some other, unexpired, patent, that may limit ability of the public to practice the invention. Also, if the invention is a new gun and gun control has been enacted, the public may not be able to make and sell such guns. And, if some nonfunctional aspect of the depicted device has acquired source-signifying meaning among the public, versions of the device that include that aspect may not be sold by others. This principle was recognized by this Court in *TrafFix* and is inconsistent with the Sixth Circuit's treatment of physical resemblance between a feature disclosed in a patent and a product configuration as dispositive.

IV. The Sixth Circuit's Affirmance Was Not Based on Clear Error Review of Factual Findings

Respondents mischaracterize the Sixth Circuit's opinion as an affirmance of the district court's findings under the clear error standard. However, this ignores that the district court's conclusion on functionality was dominated by its misapprehension of the relevance of utility patents under the *TrafFix* decision and failure to focus on the particular line guide leg designs at issue. Most of the supposed evidence cited by the respondents in their brief was not relied upon by the district court and thus could not be the basis for a "clear

error" affirmance by the Sixth Circuit. The Sixth Circuit's new legal doctrines and inappropriate appellate-level fact finding were efforts to supply a rationale supportive of the district court's conclusion. However, there is no reason to suppose that the district court, had it properly understood the role of utility patents under the *TrafFix* decision, would have reached the conclusion it did with respect to functionality, particularly given the weight it attached to the testimony of petitioner's expert. Thus, the Sixth Circuit's resolution of the case was *de novo*, and not pursuant to affirmance of factual findings made below.

The substantive analysis of the district court is short. It extends from the bottom of Appendix page 95 to the middle of page 99. The district court devoted most of that analysis to a discussion of petitioner's utility patents. The court noted that the '504 patent claimed a "plurality of legs," but never addressed that petitioner had not registered or claimed trademark rights in line guide legs per se. The court then quoted from the '488 patent, emphasizing reference to the two legs being attached to the side of the rod, so as to resist lateral forces. However, the district court did not appear to realize that none of the designs at issue attach the legs to the side of the rod as described in the '488 patent. The district court then quoted from the '759 patent as indicative of the importance of avoiding line entanglement. However, the court seemed not to know that the '759 patent taught to avoid line entanglement by mounting an oblong ring at an angle to the rod, an approach taken by none of the designs at issue:

Finally, the district court noted that the method of the '027 patent was economical, because it involved few steps, and

that the '027 patent referred to the aesthetic appearance of the line guide only after mentioning that fact.

After further discussion of the utility patents, the district court referred to the strength of petitioner's line guides, as reflected in advertisements and a trade magazine article.[4] The district court then concluded:

> Under *TrafFix Devices*, such facts are strong evidence of the guides' functionality. From these facts, the Court concludes that the legs are essentially functional and the added efficiencies from the use of curved legs impacts the cost of producing the line guide.

Pet. App. 98. The district court having primarily discussed the utility patents and utility patents being the only things mentioned in *TrafFix* as "strong evidence" of functionality demonstrates that the district court's conclusion hinged on its misapplication of *TrafFix*'s teachings regarding the significance of petitioner's utility patents. This was further emphasized later on the same page, when the court gave *TrafFix* as the reason it discounted expert evidence of nonfunctionality that it otherwise would have given weight:

> Absent the presence of the legs as key features in its expired prior utility patents, the Court would find [Fuji's] expert opinion testimony more persuasive than [respondents' expert] testimony on the functionality issue. Yet, given *TrafFix Devices*' reference that the presence of the disputed features in an expired utility patent is strong evidence of functionality and given

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[4] The district court's assertion that the advertisements refer to the strength as arising from the curvature is incorrect. JA 672-76. Nor was there any foundation for the statement in the article, which was contradicted by the expert testimony that the court found credible.

> Fuji's statements in its patent papers that the legs served a functional purpose, with any aesthetics being a byproduct, the Court concludes these facts outweigh the divided expert testimony on the functionality of Fuji's line guides.

The district court again relied on *TrafFix* as a basis for distinguishing a guitar product configuration case it had recently decided: "Under *Traffix Devices*, because the legs of Fuji's line guides were features of a utility patent, that fact is strong evidence of functionality." *Id.* at 99.

The district court's misapplication of *TrafFix* was the dominant reason for its functionality conclusion. Indeed, little evidence other than utility patents is even mentioned in its conclusions of law. The district court did not understand the relevance of the utility patents on which it relied, in that it never addressed whether the asserted designs were within the claims of those patents or whether the comments in the patents were pertinent to the asserted designs.

Accordingly, there is no merit to respondents' contention that the Sixth Circuit's affirmance, which did not discuss the district court's actual utility patent analysis, was only a review for clear error.

February 6, 2007

Respectfully submitted,

JAMES A. OLIFF
WILLIAM J. UTERMOHLEN*
DARLE M. SHORT
OLIFF & BERRIDGE, PLC
277 South Washington Street
Alexandria, VA 22314
(703) 836-6400

Counsel for Petitioner